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**FILED ECF**

July 18, 2012

Honorable Arthur D. Spatt  
United States District Court  
Eastern District of New York  
100 Federal Plaza  
Central Islip, New York 11722

Re: United States v. Frederick Celani  
Criminal Docket No. 09 CR 405(ADS)

Dear Judge Spatt:

Please accept this letter requesting the appointment of a second attorney under the provisions of the Criminal Justice Act, 18 U.S.C. §3006, to (1) assist in the preparation for trial and (2) the presentation of evidence at trial in the above-captioned case.

The Law

Except for capital cases, there are "no" statutory provisions permitting the appointment of a second counsel. United States v. Freeman, 2005 WL 397932 at \*2 (S.D.N.Y. 2005); see also, United States v. Davidson, 1992 WL 165825 at \*4 (N.D.N.Y. 1992) (In a capital case where the death penalty had been removed from consideration, a defendant was not "statutorily entitled to a second court appointed attorney[ ].") However, several courts have approved a second court-appointed attorney in the interest of justice and because of the complexity of the case. See, United States v. Davidson, 1992 WL 165825 at \*6 (N.D.N.Y. 1992) (Due to the complexity of the case, which "add significantly to the difficulty of preparing and trying this case," the

Court granted defendant's motion for appointment of a second chair in the interest of justice.") (Emphasis added); see also, United States v. Garcia, 2004 WL 1794489 \*2 (S.D.N.Y. 2004) (Even after the death penalty was removed from a jury's consideration, the Court permitted a second counsel because, in part, of the "complexity of charges [and] the potentially voluminous evidence.") Mr. Celani's case is extremely difficult and complex and the evidence so voluminous that a second attorney should be selected in the "interest of justice."

### The Indictment

Mr. Celani is charged in a superseding indictment with two complex securities frauds operating at different time periods. For ease of discussion, we will call the first scheme the "Rainmaker Scheme," and the second the "Kiosk Scheme," names taken from accounts through which investors' moneys were funneled.

The "Rainmaker Scheme" operated from December 2004 until August 23, 2005. The government alleged that the defendant, "together with others," falsely promised investors that their funds would be used solely for the acquisition of "assisted living centers or other commercial businesses." (See, ¶6 of the Superseding Indictment, Criminal No. 09-405(ADS) hereafter referred to as the "Indictment") The Indictment further alleged that "a substantial portion of the funds provided by Rainmaker investors was diverted to the personal use of the defendant Frederick Celani and others." See, ¶9.

A related Securities and Exchange Commission ("SEC") civil proceeding, brought in the Central District of California against the defendant<sup>1</sup> and two other co-conspirators, Alireza Dilmaghani ("Dilmaghani") and James Conway ("Conway"), identified over ninety investors nationwide and the theft of approximately \$9.1 million. (See, Securities and Exchange Commission v. Rainmaker, et al., Receiver's First Interim Report, Civil Docket No. 05-6121(SJO), filed electronically as Document 101, and attached as Exhibit 1). Over \$3.5 million of the investors'

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<sup>1</sup>At the time of the litigation, Mr. Celani was using the name "Sid Levine," and therefore, the caption of the case was SEC against Dilmaghani, Conway, Levine and Rainmaker entities.

funds were recovered in Rainmaker accounts. (Document 101 page 5) A court appointed receiver traced \$1.15 million in cash to Dilmaghani and \$2.1 million to Conway. (Document 101 page 9) However, more significantly, the SEC experts were unable to trace through bank records or other pertinent documentation any stolen investors' funds to the defendant Frederick Celani. (See, Document 10 page 4, filed electronically in the SEC case, and attached as Exhibit 2)

After my appointment, I spent considerable time (1) reviewing records relating to my client's public agency defense; (2) examining relevant statutes and researching pertinent case law on the issue; (3) reviewing prior counsel's efforts to gather material evidence from disciplinary committees in New York and New Jersey and from a congressional subcommittee; (4) familiarizing myself with my client's medical condition by examining his medical records and reviewing correspondence with the Court and the Bureau of Prisons; (5) addressing the question of Mr. Celani's competency to proceed as a result of a series of strokes suffered last year.

In regard to my review of the voluminous discovery material provided by the government, the task ahead appears daunting. For example, I have already spent over thirty hours (1) reviewing the related SEC litigation of the Rainmaker scheme and (2) one file among the fifty-four files containing over 12,000 documents seized during a search related to the Rainmaker prosecution. To properly prepare for trial, it is necessary, not only to complete my review of the discovery documents, which, based upon the time already spent examining a single file will undoubtedly take substantial time, but to follow-up on numerous leads developed from the review. For example, based upon my early analysis of the material examined to date, I find it necessary (1) to gather impeachment evidence against codefendants Dilmaghani and Conway, who are likely government cooperators; (2) to interview the investors and ascertain their knowledge of my client's participation; 3) complete a careful review of Rainmaker records seized during the execution of an August 23, 2005 search warrant to prove my client received none of the stolen proceeds; and (4) interview "all" the employees at Rainmaker.

These areas are of paramount importance for several significant reasons. The government's complaint misleadingly stated that, from interviews with Rainmaker

employees and "records" seized during the execution of a search warrant on August 23, 2005, Mr. Celani and Dilmaghani "withdrew large amounts of cash from Rainmaker accounts on a weekly [basis]. . . and, on one occasion, [Celani] kept \$100,000 dollars in cash that was withdrawn from a Rainmaker account." (See, Complaint electronically filed as Document 1 in the above-captioned matter, Criminal No. 09-405(ADS)) The SEC investigation has refuted the allegation that "records" support the government's claim that Mr. Celani received any of the stolen Rainmaker proceeds. Therefore, a substantial part of the prosecution's case will hinge upon the unreliable testimony of co-conspirators and Rainmaker employees.

Another reason for interviewing and contacting investors and employees is our inability to locate any prosecution of co-conspirators Dilmaghani and Conway. The evidence against them of their participation in the Rainmaker Scheme is overwhelming. For example, Dilmaghani wrote all the checks withdrawing the investor's money from Rainmaker accounts, and Conway was the sales representative that initially dealt with investors responding to soliciting advertisements, and he was the person who received the majority of the diverted funds, that is, over \$2.1 million. In spite of the significant evidence of their participation in the scheme, we could find no record of their prosecution either in the Eastern District of New York or the Central District of California where the SEC action was brought. These factors lead us to conclude that Dilmaghani and possibly Conway are cooperating with the government, and a record of their prosecution has been sealed.

In preparing to confront Dilmaghani at trial, I have also been reviewing disciplinary records of Dilmaghani from the Supreme Court of the State of New York, Appellate Division, First Judicial Department, secured by Mr. Celani's former attorney James Neville. The available records demonstrate that Dilmaghani was charged with repeated misconduct involving lying to a federal magistrate, the Disciplinary Committee itself and many clients. To properly prepare for trial, I must secure the minutes of the federal proceeding, interview the witnesses supporting the charges of lying and obtain the documents corroborating his misdeeds. Dilmaghani received a three year suspension from the Appellate Division. Also, the Disciplinary records are incomplete, and further litigation

will certainly follow to secure all the necessary documents for proper presentation at my client's trial.

As previously noted, my obligation to properly prepare a defense to the Rainmaker charges depends upon a detailed review of the voluminous discovery documents, only a portion of which I have been presently able to thoroughly examine. In addition, the Rainmaker scheme requires a complete understanding and familiarity with the SEC litigation in California and the disciplinary proceedings here in New York. Unfortunately, there are many significant filings in the SEC matter which must be secured, especially "declarations" of potential witnesses at Mr. Celani's trial, including Dilmaghani's own representations in opposition to a summary judgment motion. Over twenty filed documents are unavailable on "pacer," and my present efforts to secure them have been unsuccessful.

The significance of Dilmaghani's participation in the Rainmaker scheme to our defense cannot be underestimated. In fact, we anticipate proving that Dilmaghani and others committed the Rainmaker fraud to generate substantial sums of money (1) to support a terrorist organization seeking to overthrow the Iranian Theocratic Government and (2) operating in the United States with our government's approval. Pursuant to Rule 12.3 of the Federal Rules of Criminal Procedure, Mr. Celani formerly served notice of his public agency defense in an affidavit submitted to the Court in May 2012. The government responded by letter dated June 1, 2011. (See, Document 127 electronically filed in captioned case)

The complexity of the Rainmaker charges is further evidenced by the government's own complaint filed against Mr. Celani under the alias "Sid Levine." In substantial support of the complaint, the government relied upon an investigation and report conducted by Barry Minkow ("Minkow"), then a director of "the Fraud Discovery Institute, a private organization which employs a staff of accountants and investigators and provides forensic financial analysis as well as fraud protection training to both corporations and individuals." (See, ¶¶10-11 of Complaint filed as Document 1 in captioned case) The complaint actually classified the report as the "Minkow Report" and acknowledged that the government relied, in part, on information contained therein. Though the complaint represented that Minkow "has provided reliable

information to the F.B.I. and other law enforcement agencies in the past," it failed to disclose that Minkow was a convicted felon having served time in federal prison for his fraudulent activities. Also, in a file provided by Mr. Celani's former attorney, I found documents showing that Minkow was subsequently convicted in 2011 of securities fraud in the Southern District of Florida, and received a five year prison term.

The difficulty in preparing this case for trial is further evidenced by my inability to address the facts behind the second fraudulent scheme charged in the indictment. At present, I have been unable to find the necessary time to review the discovery material relating to Kiosk scheme which is contained in four compact disks. According to the government's discovery letter, these disks contain voluminous records. (See, Government's May 16, 2011 letter describing the contents as "three boxes taken from PODS store in Oakdale and one box of bank records," data from "hard drive . . . from two Gold & Green computers," and "thumb drive taken from PODS store." (See, Document 122 electronically filed in captioned case) Without a thorough review of the material, I am presently unable to provide an accurate picture of the complexity of the fraudulent scheme. However, the Court is aware that this case had been classified a "complex case," a designation I support based upon my present review of the discovery material.

#### Mr. Celani's Affidavit

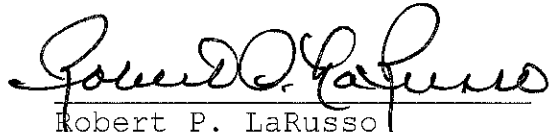
In support of this application, Mr. Celani has prepared an affidavit which recites several pertinent facts that my client wishes to bring to the Court's attention. First, on October 14, 2010, "the court permitted the appointment of Counsel James Brandon . . . as the second seat in the matter to assist Counsel Neville" due to "discontent expressed by the defendant" and "to the lack of defense preparedness in this case." (See, ¶3 of Celani's Affidavit, hereafter referred to with the initials "CA", and attached as Exhibit 3) Almost a year later, on October 13, 2011, the Court approved a "second seat and investigator." (See, Document 166 in captioned case) During the year between the Court's rulings authorizing a second attorney, little movement was made in preparing defense motions, except that pro se motions were actually withdrawn by former counsel. (See, CA ¶¶6, 8 and 9)

Moreover, Mr. Celani is intent on reviewing the discovery material to assist in his own defense, and is probably in the best position to understand the burden ahead in preparing for trial. As he noted, "[i]t will be at least March to June of 2013, before discovery is completed if Mr. LaRusso starts his task now. Yet even Mr. LaRusso stated in open court that he is busy and has other cases to handle. This case involves discovery requests from various foreign governments, federal agencies, and state agencies wherein the defendants law firm operated. Mr. LaRusso cannot accomplish this alone. Mr. LaRusso will require court ordered subpoenas's and it is expected active motions practice . . . ." (See, CA ¶15)

Based upon the voluminous discovery material that needs review, based upon the many interviews that have to be conducted, based upon the need for follow-up investigation to secure pertinent information for cross-examination and presentation of Mr. Celani public authority defense, we respectfully request that, in the interest of justice and due to the complexity of the case, the Court authorize the appointment of a second attorney to assist in the preparation for and trial on the charges.

Thank you very much for your consideration of our application.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Robert P. LaRusso", written over a horizontal line.

Robert P. LaRusso  
Attorney for Frederick Celani

cc: Richard Lungar  
Assistant U.S. Attorneys  
Eastern District of New York  
610 Federal Plaza  
Central Islip, New York 11722  
(via ecf)

# Exhibit 1



FILED

1 MICHAEL A. PIAZZA, Cal. Bar No. 235881  
E-mail: piazzam@sec.gov  
2 JOSE SANCHEZ, Cal. Bar No. 161362  
E-mail: sanchezj@sec.gov  
3 SPENCER E. BENDELL, Cal. Bar No. 181220  
E-mail: bendells@sec.gov  
4 C. DABNEY O'RIORDAN, Cal. Bar No. 205158  
E-mail: oriordand@sec.gov

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CLERK OF DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
LOS ANGELES

BY \_\_\_\_\_

5 Attorneys for Plaintiff  
6 Securities and Exchange Commission  
Randall R. Lee, Regional Director  
7 Briane Nelson Mitchell, Associate Regional Director  
5670 Wilshire Boulevard, 11th Floor  
8 Los Angeles, California 90036  
Telephone: (323) 965-3998  
9 Facsimile: (323) 965-3908

10  
11 UNITED STATES DISTRICT COURT  
12 CENTRAL DISTRICT OF CALIFORNIA

13 06929 SJO (SHx)

14 SECURITIES AND EXCHANGE  
15 COMMISSION,

16 Plaintiff,

17 vs.

18 RAINMAKER MANAGED LIVING, LLC,  
a New York limited liability company;  
19 RAINMAKER MANAGED LIVING, LLC,  
a California limited liability company;  
20 FURMAN & DILMAGHANI P.C., a New  
York professional service corporation;  
21 ALIREZA DILMAGHANI; SIDNEY F.  
LEVINE; and JAMES JOSEPH CONWAY,

22 Defendants.  
23  
24  
25  
26  
27  
28

Case No.

DECLARATION OF JAMES C.  
BULLARD IN SUPPORT OF  
APPLICATION OF PLAINTIFF  
SECURITIES AND EXCHANGE  
COMMISSION FOR  
TEMPORARY RESTRAINING  
ORDER AND ORDERS:  
(1) FREEZING ASSETS;  
(2) REQUIRING ACCOUNTINGS;  
(3) PROHIBITING THE  
DESTRUCTION OF  
DOCUMENTS; (4) GRANTING  
EXPEDITED DISCOVERY; AND  
ORDER TO SHOW CAUSE RE  
PRELIMINARY INJUNCTION

10

1 I, James C. Bullard, declare, pursuant to 28 U.S.C. § 1746, as follows:

2 1. I am a certified public accountant and have been licensed with the  
3 State of California since 1970. I am a Senior Staff Accountant with the U.S.  
4 Securities and Exchange Commission (the "Commission"), Division of  
5 Enforcement. My office is located in the Commission's Pacific Regional Office in  
6 Los Angeles.

7 2. I submit this declaration in support of the Application of Plaintiff  
8 Securities and Exchange Commission for Temporary Restraining Order and Orders  
9 (1) Freezing Assets; (2) Requiring Accountings; (3) Prohibiting the Destruction of  
10 Documents; (4) Granting Expedited Discovery; and (5) Order to Show Cause Re  
11 Preliminary Injunction.

12 3. I have personal knowledge of each of the matters set forth below, and,  
13 if called as a witness, I could and would competently testify to the facts stated  
14 herein.

15 4. As part of my Commission duties, I analyze bank records, brokerage  
16 records, financial records, and other books and records of companies, and I make  
17 calculations and observations based on those records. The documents I analyze in  
18 the course of my Commission duties are of the type reasonably relied upon by  
19 accountants in forming opinions and inferences about, among other matters, the  
20 finances of a company and the disposition of company assets.

21 5. During the Commission's formal investigation In the Matter of  
22 Rainmaker Managed Living, LLC, Commission staff members subpoenaed from  
23 Commerce Bank records for Rainmaker Managed Living, LLC, account number  
24 7916184349 (the "Rainmaker Bank Account"), and American Planning  
25 Incorporated, account number 7916148187 (collectively with the "Rainmaker  
26 Bank Account," the "Bank Accounts").

27 6. As part of my duties as a Commission Senior Staff Accountant, and in  
28 preparing my opinion set forth herein I reviewed the following:

- a. the bank records produced for the Bank Accounts (the "Bank Records") including any signature cards, account opening documents, monthly bank statements, debits and credits, cancelled checks, wire transfer confirmations, deposit slips and items deposited into the Bank Accounts, attached as Exhibits 1-12 to the Declaration of Irina Paritsky;
- b. the investor list attached as Exhibit 12, pages 98 through 107, to the Declaration of Erendira Cronkhite;
- c. the list of investors produced by PENSICO Trust Company and attached as Exhibit 21 to the Declaration of Spencer E. Bendell;
- d. the documents regarding the checks deposited into the Rainmaker Bank Account for which there was no identifying information, attached as Exhibit 22 (pages 108 through 136), to the Declaration of Spencer E. Bendell; and
- e. the documents produced by Equity Trust Company and attached as Exhibit 23 (pages 137 through 152) to the Declaration of Spencer E. Bendell.

**METHODS USED TO ANALYZE TRANSACTIONS REFLECTED IN THE**  
**BANK RECORDS**

7. Under my direction and supervision, Commission staff members and an intern employed by the Commission:

- a. reviewed all of the Bank Records for the period from December 7, 2004 through July 31, 2005 that were produced to the Commission by Commerce Bank;
- b. prepared spreadsheets in Microsoft Excel, summarizing all the deposits and disbursements for the Bank Records for the period December 7, 2004 through July 31, 2005 on a combined basis; and

1 c. grouped the deposits and disbursements in the Bank Records into  
2 various categories, as described in Paragraphs 9 and 10, below.

3 8. I carefully reviewed the spreadsheets and cross-checked the entered  
4 information and categorizations against the account statements. I then relied upon  
5 the spreadsheets in performing my analysis of the financial records set forth in  
6 this declaration.

7 9. Under my direction and supervision, Commission staff members and  
8 an intern employed by the Commission categorized the deposits in the Bank  
9 Records as follows, which I subsequently confirmed:

10 a. Investors. Includes deposits

11 (1) in the name of individuals and entities identified on the  
12 investor list dated as of March 23, 2005 ("Listed  
13 Investors"), attached as Exhibit 12 to the Cronkhite  
14 Declaration, at pages 98 through 107; or

15 (2) made after March 23, 2005 that fit either of the following  
16 two criteria:

17 (a) based on third-party information, was confirmed to  
18 have been an investment in Rainmaker, or

19 (b) met all of the following criteria: (i) associated with a  
20 particular person or entity (i.e., the name was on the  
21 form of deposit or was otherwise identified by the  
22 staff), (ii) a minimum of \$10,000 and in \$1000  
23 increments thereafter, and (iii) to whom was made at  
24 least one subsequent interest payment. A "subsequent  
25 interest payment" is a disbursement from the  
26 Rainmaker Bank Account that is similar to  
27 disbursements to Listed Investors in that the  
28 disbursement was (i) printed (not handwritten), (ii)

issued on the same date as Listed Investors, and (iii)  
had a check number in sequence with payments to  
Listed Investors.

Once an investor was identified as an Investor, all deposits by that  
same investor were included.

b. Likely Investors. Includes deposits of at least \$10,000 in \$1000  
increments that are not otherwise identified as being associated  
with any Defendant (e.g., excludes a \$75,000 deposit from a check  
identifying the Freedom Forum of New York City).

c. Other Deposits. Includes deposits that did not fall within  
categories in paragraphs 9(a) through 9(c), above.

10. Under my direction and supervision, Commission staff members and  
an intern employed by the Commission grouped the disbursements  
from the Bank Records as follows, which I subsequently confirmed:

a. James Conway. Includes all disbursements made out to James  
Conway or "JJ Conway".

b. Alireza Dilmaghani. Includes all disbursements in which Alireza  
Dilmaghani was the named recipient or checks made out to "cash"  
for which Dilmaghani appeared to have endorsed the check.

c. Purported Interest Payments to Investors. Includes any interest  
payment to individuals or entities identified in paragraphs 9(a) and  
9(b), above.

d. Other Disbursements. Includes all other disbursements made from  
the account, including \$103,194.02 paid to Erendira Cronkhite as a  
refund of her investment via check number 675 dated June 21,  
2005.

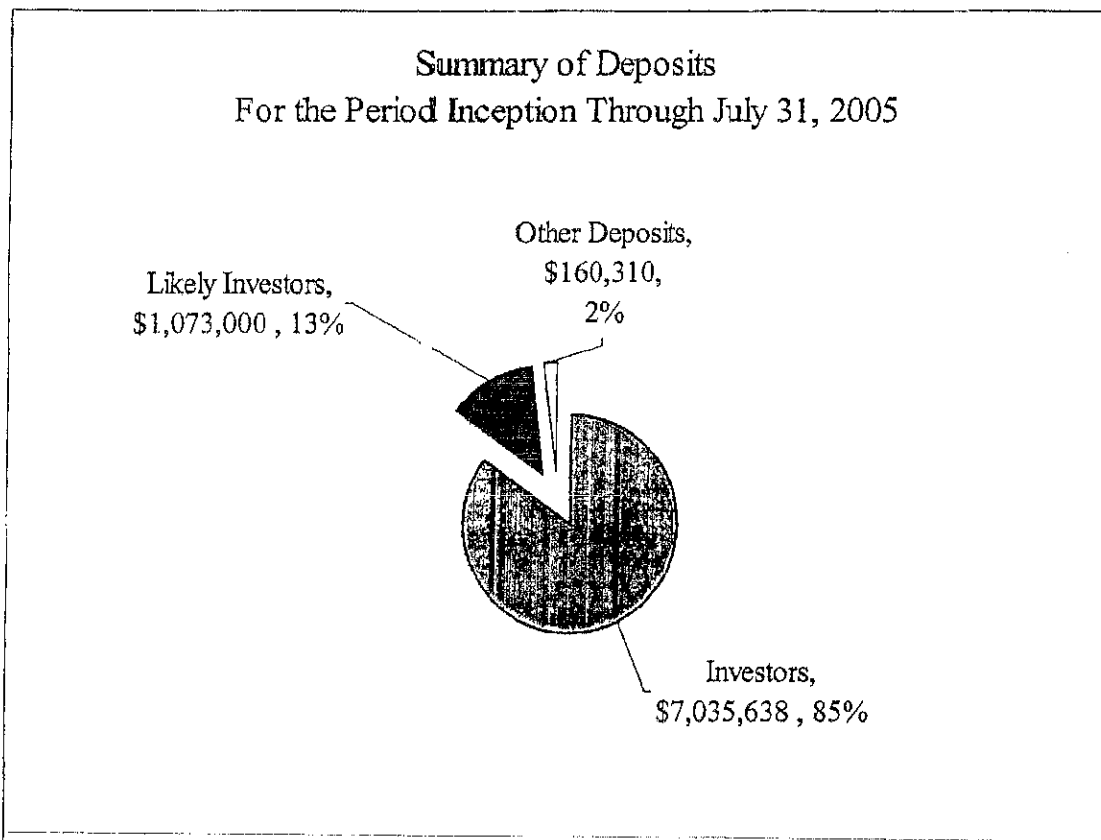
11. Based on my review of the documents set forth in Paragraph 6 and the  
spreadsheets created under my supervision as set forth in Paragraphs 7 through 10,

*Exhibit -  
James H. Hasty*

1 I have determined that for the period from December 7, 2004 through July 31,  
2 2005, a total of \$8,268,948.49 was deposited into the Bank Accounts, as set forth  
3 below.

	Total <u>Amount</u>	% of Total <u>Deposit</u>
Investors	\$ 7,035,638.49	85.09%
Likely Investors	\$ 1,073,000.00	12.98%
Other deposits	\$ 160,310.00	1.94%
Total	\$ 8,268,948.49	100.00%

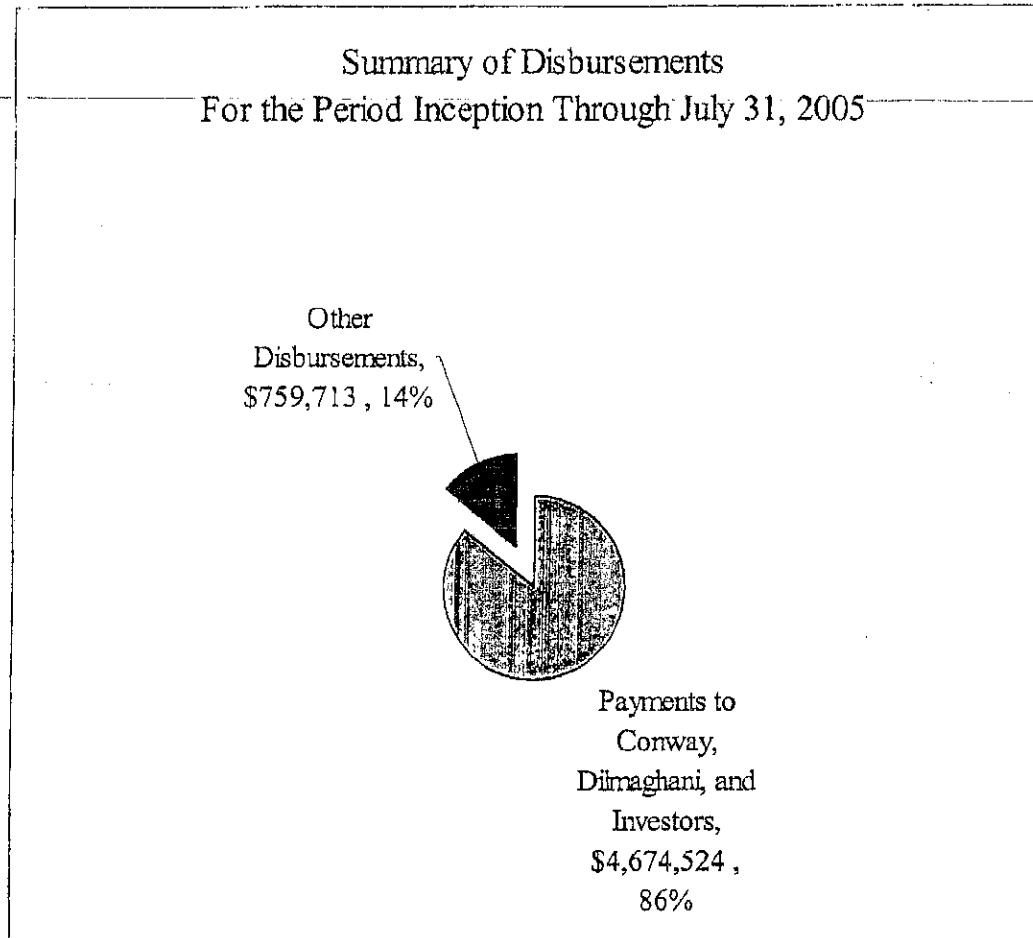
11  
12 12. Using the analysis set forth in Paragraph 11, above, I created a pie  
13 chart demonstrating my determinations, as set forth below:



13. Based on my review of the documents set forth in Paragraph 6 and the spreadsheets created under my supervision as set forth in Paragraphs 7 through 10, I have determined that for the period from December 7, 2004 through July 31, 2005, a total of \$5,434,237.39 was withdrawn from the Bank Accounts, of which \$4,674,524.47 was disbursed to Conway, Dilmaghani, and as Purported Interest Payments to Investors, as set forth below:

	<u>Total Amount</u>	<u>% of Total Disburs.</u>
James Conway	\$ 1,758,761.26	32.36%
Alireza Dilmaghani	\$ 2,036,784.50	37.48%
Purported Interest Payments to Investors	<u>\$ 878,978.71</u>	<u>16.17%</u>
Subtotal	\$ 4,674,524.47	86.02%
Other Disbursements	<u>\$ 759,712.92</u>	<u>13.98%</u>
Total Disbursements	\$ 5,434,237.39	100.00%

1 14. Using the analysis set forth in Paragraph 13, above, I created a pie  
2 chart demonstrating my determinations, as set forth below:



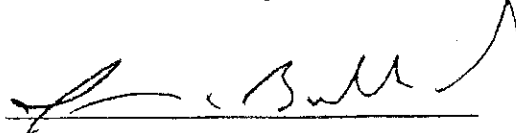
19

20 15. To the best of my knowledge and ability, the summaries in Paragraphs  
21 11-14 are accurate summaries under Rule 1006 of the Federal Rules of Evidence of  
22 the underlying bank records provide to the Commission staff.

23 I declare under penalty of perjury that the foregoing is true and correct.

24 Executed this 19th day of August 2005, in Los Angeles, California.

25

26 

27 James C. Bullard



# Exhibit 2

1 JOHN W. COTTON (SBN 54912)  
jcotton@cglp.com  
2 AARON C. GUNDZIK (SBN 132137)  
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4 12<sup>th</sup> Floor  
Los Angeles, CA 90017  
5 Telephone: 213/312-1330  
Telecopy: 213/623-6699

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U.S. S.T.C.  
PACIFIC REGIONAL OFFICE

6 Receiver for  
7 Rainmaker Managed Living LLC

8  
9  
10 UNITED STATES DISTRICT COURT  
11 CENTRAL DISTRICT OF CALIFORNIA

12 SECURITIES AND EXCHANGE  
13 COMMISSION,

14 Plaintiff,

15 v.

16 RAINMAKER MANAGED LIVING  
17 LLC, ET AL.

18 Respondents.

Case No. CV 05-6121 SJO (SHx)

RECEIVER'S FIRST INTERIM  
REPORT AND MOTION FOR  
APPROVAL OF REQUEST FOR  
DISBURSEMENT OF FUNDS

DATE: July 24, 2006  
TIME: 10:00 a.m.  
PLACE: Courtroom 1600  
The Hon. James S. Otero

I.

**INTRODUCTION**

This is the Receiver's First Interim Report ("Report") since being appointed by the Court on February 22, 2006. The purpose of the Report is two-fold: first, to report on the present status of the Receivership estate; and second, to request the Court's approval of an interim distribution to the qualified investors who have filed properly-completed claim forms regarding their investments in Rainmaker Managed Living LLC ("Rainmaker") and whose status as innocent victims of the fraud perpetrated upon them has been established by the audit and investigation the Receiver has conducted to date.

II.

**PRESENT STATUS OF THE RECEIVERSHIP ESTATE**

A. Determination of Rainmaker Investors Eligible for A Distribution

The Receiver has concluded the most pressing matter to be addressed, that of the determination of the actual number of Rainmaker investors, the validity of their investments and their entitlement to a *pro rata* distribution of estate assets based upon verifiable proof of those investments.

Soon after being approved by this Court, the Receiver set-about locating qualified personnel to assist him in determining the precise number of Rainmaker investors, the validity of their claims to an investment in Rainmaker and the total amount of those claims, net of any return of interest or principal. To accomplish this, the Receiver utilized the part-time services of Diane Gotori, a paralegal in the office of Cotton & Gundzik LLP, who organized and monitored the investor claim form process and reduced the gathered information to spread sheet (MS Excel) format. Ms. Gotori personally handled nearly all of the inevitable investor calls for update information, ensured that each known investor received and completed a claim questionnaire, determined who had and had not responded to the initial

1 mailing, and followed-up with non-responding investors to produce a 94% response  
2 rate.<sup>1</sup>

3 The Receiver also hired Mr. Steven Shelburne ("Shelburne"), a local  
4 independent consultant, well-versed in bookkeeping, bank account reconciliation  
5 and the use of Excel to create a tool for synthesizing all the financial information in  
6 order to balance and reconcile Rainmaker's records of deposits and withdrawals  
7 within investor's records of deposits and disbursements. Shelburne's work has  
8 produced a very useful and reliable interactive Excel spread sheet which can be  
9 used not only by the Receiver, but by the plaintiff Securities & Exchange  
10 Commission ("SEC"), to determine who received what funds and when (including  
11 the Rainmaker defendants); and whether and to what extent there were  
12 discrepancies between the Rainmaker bank records and those of the investors as to  
13 how much the latter invested and/or received back as interest distributions. While  
14 there were slight variations between the investors records and the bank records, in  
15 nearly every case the variations have been reconciled as to how much and why.<sup>2</sup>

16 The Rainmaker bank records indicate that ninety (90) investors participated  
17 in the Rainmaker investment. The total amount invested by the group was  
18 \$9,176,138.49. Rainmaker paid back monthly interest payments totaling \$965,174  
19 to many of the investors, which only came from the invested funds. Three (3)  
20 investors received a full return of their original investments (\$363,000) and  
21

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22 <sup>1</sup> There still remain a few investors who have not filed a claim form. Two (2) have not  
23 returned a claim form probably due to their being fully-paid back by the Rainmaker defendants.  
24 (Cronkhite and McNaughton; See: Tab A) Another one (1) has not filed a claim form probably  
25 because she did not invest her own money, but money received from Rainmaker defendant Conway.  
(Ramelot; See: Tab A) Only one (1) otherwise entitled investor simply has not responded for as yet  
26 unknown reasons. (Bongerz; See: Tab A)

27 <sup>2</sup> Most variations were due to simple incorrect addition; the failure to count, or  
28 deduct, certain interest payments; and the addition of unpaid interest that the investor incorrectly  
added to the claim. The variations were very small, and were nearly all immaterial in amount. All  
have been reconciled.

1 additional interest payments (\$15,011.21). Five (5) investors are considered  
 2 "insiders" due to their relationship with defendant J.J.Conway. The eight (8)  
 3 investors mentioned in this paragraph, as discussed below, are not being  
 4 recommended for any distribution. The total funds disbursed to all investors was  
 5 \$1,328,175, leaving net investor funds retained of \$7,847,964.

6 The Receiver is satisfied that the investor account reconciliation process has  
 7 been completed, and that with the exception of one large putative investor claim  
 8 (Mr. Brian Simon, discussed below), all investors and investor deposits have been  
 9 accounted for in the Rainmaker bank records. There remain eighty (80) investors  
 10 who are presently entitled to a distribution of estate funds.<sup>3</sup> While it is always  
 11 possible that an as yet unknown investor gave his/her investment check directly to a  
 12 Rainmaker defendant, who then cashed or deposited the check in a non-Rainmaker  
 13 account, there has been no indication so far that such ever happened. Since the  
 14 SEC action was filed nearly 10 months ago and no unknown investors have  
 15 surfaced during this time, there is little likelihood such occurred. Moreover, as can  
 16 be deduced from page 2 of Tab A, the Receiver's accounting reconciliation shows  
 17 that the difference between Rainmaker total bank deposit records (\$9,176,138) and  
 18 investor deposit claims (\$8,965,138) is only \$211,000, or 2%.<sup>4</sup> Thus, the near even  
 19 match of bank records and investor claims as to investor deposits gives comfort to  
 20 the fact that all significant investor deposits have been accounted for.

21 ///

22  
 23 <sup>3</sup> As discussed, there are eight (8) investors, some of whom filled out claim forms,  
 24 whom the Receiver will recommend not participate in any distribution. There are two (2) others  
 25 (Bongerz and Lucas) who have not yet provided sufficient documentation to verify their investment  
 26 claim. If they do, then they will be entitled to a distribution as well. Their inclusion would take the  
 total number of investors qualified to receive a distribution to eighty-two (82).

27 <sup>4</sup> The \$211,000 is the absolute difference of the two sums (bank records of deposits  
 28 less verified and reported investor records of deposits). If all reported and unreported (e.g.  
 unreturned claim forms) investment claims are included, there would only be a difference of  
 \$79,000, of the total that remains unreconciled. (See: Tab A)

1           B.     Rainmaker Cash Assets

2           When the SEC sought a temporary freeze order of this Court in August  
3 2005, Rainmaker had all of its known cash assets at the Commerce Bank of New  
4 York. The cash balances in the Commerce Bank accounts at the time of the freeze  
5 was \$3,553,363. Those funds remained at Commerce Bank from the time of the  
6 freeze until they were transferred into the Receiver's name at the California Bank,  
7 where they now await distribution to the investors. (The funds have been put into  
8 an interest-bearing account at California Bank.)

9           There were several accounts maintained by the Rainmaker defendants  
10 during the life of Rainmaker Managed Living LLC, including not only the two  
11 accounts at Commerce Bank, but also four predecessor accounts maintained by the  
12 Rainmaker defendants at the Bank of New York. The bank records for all of the  
13 accounts at the two banks have been retrieved and reviewed by the Receiver for  
14 this report.

15          Two accounts at the Bank of New York were called "Freedom Forum of  
16 NYC Inc." and "Freedom Forum of New York City". These bank accounts were in  
17 existence from September 13, 2002, until July, 2005. However, most of their  
18 activity ceased in April 2004, just after the Rainmaker accounts at Commerce Bank  
19 were opened in March 2004. There were no cash balances in the Bank of New  
20 York accounts at the time of the Court's freeze order in August, 2005. With the  
21 exception of the putative claim of investor Brian Simon, it does not appear that any  
22 Rainmaker investor deposits and distributions of interest were made to and/or from  
23 the "Freedom Forum" accounts at the Bank of New York. It appears that all of the  
24 deposits by, and distributions to, Rainmaker investors came from the accounts at  
25 Commerce Bank.

26          All the investor deposits and distributions to and from the Commerce Bank  
27 accounts have been reviewed and reconciled by Shelburne and are reported as part  
28 of the total cash invested figure of \$9,176,138.49. The Receiver is satisfied that all



1 of the known investors' deposits and distributions have been reconciled with the  
 2 bank records, and that any entitlement to a distribution recommended to the eighty  
 3 investors whose claims have been verified is merited by these records.

4 There were several discrepancies noted in the Commerce Bank records  
 5 which may lead to additional funds being credited to the Rainmaker accounts.  
 6 There remain \$25,000 of funds claimed to be invested (and for which investor  
 7 records have been presented) but which are unaccounted for in the bank records.  
 8 There is also a \$9,000 discrepancy that may be as a result of a bank error. Lastly,  
 9 there is some evidence that the bank may have cashed a check for \$75,000  
 10 presented by defendant Levine after it received notice of the freeze. These matters  
 11 are still under investigation and could bring in some additional cash funds to the  
 12 estate.

### 13 C. Non-Cash Rainmaker Assets

14 The Receiver is continuing his efforts to locate and retrieve any known non-  
 15 cash assets that may rightfully belong to the Receivership estate. Based upon the  
 16 bank records, however, it appears that outside of two cash deposits for  
 17 uncompleted Rainmaker real estate transactions, one of which was in litigation  
 18 when the Receiver was appointed and the other of which is still held in escrow,  
 19 there are no other material, tangible assets of the estate that have been located or  
 20 that are implicated from any unusual banking activity. There were no recorded  
 21 large purchases of homes, automobiles, machinery, furniture, artwork or jewelry, or  
 22 any other similar asset that can be detected in the Rainmaker bank records at  
 23 Commerce Bank or the Bank of New York.<sup>5</sup> Notwithstanding this determination,  
 24

25 <sup>5</sup> While there were significant cash disbursements to Defendants Dilmaghani and  
 26 Conway totaling \$3,272,310, neither apparently used the Rainmaker bank checking accounts at  
 27 either bank for the direct purchases of traceable, tangible assets. While it is possible that the  
 28 numerous cash disbursements to these two defendants could have been aggregated by them and  
 used to purchase large assets, without cooperation from them, it is impossible to trace the use of  
 the cash proceeds. There also were a few isolated, smaller payments to third parties, for example  
 one for \$15,000 to a Frank Simon, which states on the check it was for an "automobile". However,

1 the Receiver will recommend below that the Court approve an estate fund "hold-  
 2 back" at the present time to pay for, among other things, the reasonable expense of  
 3 determining whether the use of legal process in Pennsylvania and/or New York  
 4 state should be undertaken to recover some or all of the \$200,000 involved in the  
 5 two real estate transactions.

6 The two potential real estate "assets" consist of a deposit and a down-  
 7 payment respectively for two real estate transactions; one of which did not close  
 8 and the other which was in litigation soon after the first down-payment. The first is  
 9 a \$100,000 "earnest money" deposit held in an escrow account for unimproved  
 10 land located in Allentown, Pennsylvania for which Rainmaker apparently entered  
 11 into a real estate contract shortly before the Court freeze order. Despite numerous  
 12 contacts with the attorney who allegedly represents the various members of the  
 13 seller group, no formal response has been made to the Receiver's many calls and  
 14 letters to negotiate a resolution of the status of this earnest money down-payment.  
 15 Obviously it would be preferable to some court action (particularly considering the  
 16 amount involved and the distant forum) that a settlement for the return of some of  
 17 the funds be undertaken. This offer to negotiate was made to the attorney allegedly  
 18 representing the sellers, but he recently stopped communicating with the Receiver,  
 19 apparently due to his inability to obtain a consensus of the six owners of the land to  
 20 even allow him to represent them.<sup>6</sup> As a result, the Receiver requests that the  
 21 Court permit the retention of local counsel in Philadelphia to assist in filing an  
 22 action for recovery of the funds if such is merited by the terms of the contract and  
 23 the prevailing law in Pennsylvania. This should force a response by all the owners.

24

25

26 the amount involved is too small to attempt any further investigation or recovery of that asset which  
 is probably located in New York in any event.

27

28 <sup>6</sup> One of the members, a Mr. Hostetler, called the Receiver on May 12, 2006 to  
 express his frustration that the matter could not be resolved due to the recalcitrance of one co-  
 owner to agree to hire counsel to negotiate.



1       The second real estate "asset" also involved a sum of \$100,000, but  
2 unfortunately it is not in an escrow account, but was paid out to the sellers as a  
3 down-payment on a nursing home, its license to do business and its contents before  
4 the SEC action was commenced. The former Rainmaker principals alleged in a  
5 lawsuit filed shortly after the signing of the sales contract, that the sellers had  
6 breached the purchase and sale agreement with regard to the maintenance of the  
7 nursing home license and equipment that accompanied the real estate. The sellers'  
8 counsel vigorously denied the charges. When efforts to resolve the dispute failed,  
9 suit was filed by Rainmaker's former managers in New York state court. The  
10 complaint was not served on all the defendants, and the action now remains  
11 dormant in New York. Due to the likelihood of a counter-claim against the  
12 Rainmaker estate for specific performance if the action is resuscitated and it  
13 prevails, it is recommended that the Receiver be permitted to have local counsel  
14 dismiss the action without prejudice.<sup>7</sup> Otherwise, any success in completing the  
15 contract would of necessity obligate the estate to complete the contract and make  
16 more payments.

17       As is obvious from the foregoing, there is little likelihood of substantial  
18 additional funds being recognized from these two "assets", and the chief goal in  
19 proceeding with any action on them will be to not waste good assets chasing after a  
20 potentially minimal recovery.

21       There also remains the issue of tracing cash funds that were obtained by  
22 Rainmaker defendants and employees, some of whom were apparently related by  
23 blood or marriage to the Rainmaker defendants. Of these, Loanna and Pam Checo  
24 (sisters and employees of Rainmaker, one of whom is married to defendant  
25

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26       <sup>7</sup> There has not been any counter-claim in this action, as there has not been any service  
27 upon, or any responsive pleading filed by, the defendants. However, if the Receiver proceeds with  
28 the litigation, it is likely that a counterclaim for failure to complete the purchase contract (specific  
performance) will be filed against the estate and could end up wasting estate assets. The Receiver  
has hired local counsel to assist in the termination of this litigation.

1 Dilmaghani) received nearly \$50,000, some of which may not have been for  
2 legitimate employment services. Some further investigation will be needed to  
3 determine if this is the fact. If the amounts paid to Conway, Ramelot, Sirios and  
4 Garrett (mentioned elsewhere herein) as investment "returns" are included in this  
5 category, then the total amount of potential recovery might be as much as  
6 \$133,000. However, due to the diverse geographic location of these individuals, the  
7 cost of litigation over the recovery of assets must be examined against the  
8 likelihood of recovery.

9 It appears that cash funds from Rainmaker in the amount of \$1,157,173.79  
10 were obtained by Dilmaghani, and \$2,115,136 by J.J. Conway during the life of the  
11 Rainmaker enterprise. Conway has provided financial information to the SEC  
12 which indicates the source and use of all funds he received from Rainmaker, as  
13 well as a balance sheet showing his present assets. His records generally comport  
14 with those of the Receiver obtained from the Rainmaker bank records. His bank  
15 accounts holding approximately \$300,000 have been frozen by the SEC, and these  
16 funds will, if ordered disgorged, provide additional recovery to the estate.

17 Dilmaghani claims that the cash disbursements he obtained from the bank were all  
18 given to defendant Levine and used for the operation of Rainmaker. His decision to  
19 no longer communicate with the Receiver makes it impossible to do any further  
20 meaningful investigation of the use of the cash disbursements.

21 D. Assets in the Possession of the Defendants

22 There has been very little discovery conducted of the defendants at this time,  
23 as two appear to each be determined to exercise his Fifth Amendment privilege  
24 against self-incrimination and the third has not yet been located. At the recently-  
25 scheduled deposition of defendant Conway, which was taken by the SEC in early  
26 May 2006, the asset-directed questions posed by the SEC were not answered by  
27  
28

him.<sup>8</sup> While there were additional cash payments totaling \$120,667.38 made to relatives and associates of defendants Conway and Dilmaghani, there have not yet been efforts undertaken to obtain those funds for the estate. (The Receiver will address this issue below as well.)

E. Recovery from Third Parties for Aiding and Abetting Rainmaker

The Receiver has not yet seen any evidence of any potential recovery from third parties for the aiding and abetting of any of the wrongful conduct alleged against the Rainmaker defendants. There is no evidence of the involvement of accountants or law firms (other than Furman & Dilmaghani) to whom estate assets were paid for professional services which might lead to claims for malpractice, or other forms of negligence.<sup>9</sup> There were no brokerage firms, escrow agents, banks or insurance companies involved in the Rainmaker solicitation of investors from which any "deep pocket" liability claims might be fashioned for any breaches of fiduciary duty. In short, the Receiver has yet to see any form of recovery beyond the frozen Rainmaker funds that are now in the Receiver's possession at the

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<sup>8</sup> The Receiver has been informed by defendant Dilmaghani that at this time he too would be inclined to exercise his privilege against self-incrimination. This limits the ability of the Receiver to make any determination as to whether these two defendants, and others, still control significant funds of Rainmaker which are held by them, or for them by third parties, or whether there are sufficient personal assets of these defendants to seek to recover from them that which they may have improperly taken. However, as the SEC will seek disgorgement of any such assets located as part of its scope of work in this litigation, the Receiver recommends against the expenditure of estate assets at this time to accomplish essentially the same thing. If the SEC is successful in its disgorgement efforts, it has informed the Receiver that any funds recovered would go to the Rainmaker estate for distribution to the investors.

<sup>9</sup> All malpractice policies exclude coverage for dishonest or fraudulent conduct similar to that alleged in the SEC's complaint against the Rainmaker defendants. They also exclude claims based on a lawyer's acting as an officer, director or employee of any corporation, even one to which the lawyer has provided legal services. Therefore, even if lawyers (including Furman & Dilmaghani) aided and abetted the Rainmaker fraud, such would not be covered by their malpractice policies, and any claim attempting to reach those policies would likely be a costly waste of estate assets with no likelihood of recovery.

1 California Bank, and potentially funds of Conway which were frozen by the SEC  
2 as well.

3 **III.**

4 **RECOMMENDATION FOR A FIRST INTERIM DISTRIBUTION**

5 As this Court well-knows, many of the Rainmaker investors placed their  
6 entire life-savings and/or retirement funds with the Rainmaker defendants. In many  
7 instances, the passage of time since the Court ordered freeze August, 2005, has  
8 wreaked great hardship on these individuals. While there is obviously an embedded  
9 extra cost in making more than one distribution, the considered view of the  
10 Receiver is that a significant, interim distribution should be made here, with the  
11 final distribution after the completion of the remaining tasks mentioned in this  
12 Report.

13 First, there are only 80 investors in Rainmaker who will get a distribution  
14 and the incremental cost of preparing another set of 80 checks, and needing two  
15 mailings rather than one, is insignificant to an estate with such a small number of  
16 investors. Second, the amount that will be returned now, if the Court approves this  
17 recommendation, will temporarily leave sufficient funds available in the unlikely  
18 event that either the completion of the investigation locates one or more as-yet-  
19 unknown investors who need to share in a full distribution, and/or the cost of any  
20 further court-ordered investigative and recovery work by the Receiver needs to be  
21 underwritten. It will also allow for the legal cost of recovering overpayments from  
22 the three overpaid investors, and others connected with the Defendants if this Court  
23 approves undertaking that task.

24 As the accompanying exhibits indicate, there is approximately \$3,500,000 in  
25 the Receiver's Rainmaker bank account at California Bank. (See: Tab B) Based on  
26 the net investor funds deposited with Rainmaker (investor deposits less the  
27 amounts of interest that was paid to many of them), which total \$7,847,628, the *pro*  
28

1 *rata* return to investors could approximate \$.45 on each hard dollar (e.g. net dollar)  
 2 invested. The Receiver proposes that \$3,000,000 be distributed now.

3 The hold-back of \$500,000 would chiefly be for potential investor claim  
 4 "insurance" so that in the event an unknown investor were located, or the Court  
 5 determines to award payment to the several "insiders" identified below, there  
 6 would be sufficient funds to allow them also to participate in an equitable  
 7 distribution. Additionally, to the extent this Court authorizes any legal action in  
 8 Pennsylvania and/or New York regarding the real estate deposits mentioned below,  
 9 or to seek recovery from the three fully-paid investors, there would be sufficient  
 10 funds as well to cover those costs of recovery. Finally, there has not yet been a  
 11 determination of whether there are any third party trade creditors to whom  
 12 payments are rightfully due (although at this point none have made any demand on  
 13 the Receiver). If there are such creditors, and this Court permits their claims, the  
 14 hold-back should provide sufficient funds to cover such remaining debts of  
 15 Rainmaker.

#### 16 IV.

#### 17 INVESTORS FOR WHOM NO DISTRIBUTION IS RECOMMENDED

18 As mentioned above, there are three investors for whom no distribution is  
 19 recommended. Investors, Cronkhite, McNaughton, and Ho all received back 100%  
 20 or more of their investment from Rainmaker's bank accounts. (See: Tab A) Of the  
 21 three, only Ho made a written claim against the estate; the others failed to return  
 22 their claim forms.<sup>10</sup> (The Receiver will make a recommendation to the Court in the  
 23 next report as to whether legal action should be taken to recover the total  
 24 overpayment of approximately \$207,900 (estimated 55% overpayment) to these  
 25 three investors, what legal support there is for such an action and what the likely  
 26 cost of such an effort is estimated to be.)

27 \_\_\_\_\_  
 28 <sup>10</sup> Ho is seeking the full amount of promised monthly interest that he claims he did not receive.



Five other putative investors (including two joint claims by husbands and their wives) are known to have been related to, or closely associated with defendant Conway. They include investors Daniel and Karma Conway (his brother and his wife), George and Jennie Conway (his parents), Michelle Ramelot (his live-in girl friend and/or fiancée), Mark and Sheri L. Sirios (his brother-in-law and wife) and Jaimey Garrett (whose investment was self-disclosed as coming from Conway generated funds). These five made "investments" with funds that directly or indirectly came from defendant J.J. Conway, who in turn obtained the invested funds from other Rainmaker investors. Of the five, only Ramelot failed to file a claim form; the other four did file but cannot provide evidence of their investment from independent funds un-associated with Conway. Of the five, there was also a total return of Rainmaker funds as interest payments to them of approximately \$41,917 for which the Receiver will also make a recovery recommendation in the next report. All of these five are recommended for no distribution of estate funds, as they have not provided evidence of independent sourcing for the investment and more importantly, even if they had, then the funds that Conway gave to them (which exactly match their "investments") would rightfully belong to the estate anyhow and should be returned to it.

#### V.

#### INVESTORS WITHOUT COMPLETED CLAIM FORMS

There are several investors whose claims appear legitimate, in whole or part, but whose paperwork is not complete or has not been turned in. Approximately \$50,000 in otherwise apparently valid investor claims have not been made through a completed, returned claim form, but the Rainmaker bank records support a distribution to those investors in any event.<sup>11</sup>

---

<sup>11</sup> Claim forms mailed to investors Chad, Justine, Julie and Dean Restum (\$40,000), and Michael Bongerz (\$10,000). (See: Tab A)

1 The missing Restum claims can be explained in that the investments were  
 2 made by Albert and Barbara Restum (who have filed a claim on their own behalf)  
 3 on behalf of their children and spouses who have not filed a claim. However, the  
 4 reconciliation by Shelburne has shown that the records of Albert Restum sent with  
 5 his claim form establish that the investments for his children were validly made by  
 6 him, as was the one made for him and his wife. Thus the Receiver recommends the  
 7 Restums' claim for \$100,000 be recognized.<sup>12</sup>

8 Investor Bongertz, who invested \$10,000, has not filed a claim form as of the  
 9 date of this report. However, the Rainmaker bank records clearly reflect that his  
 10 investment was made. (See: Tab A). The Receiver recommends that continued  
 11 efforts be made to get him to file a claim form, and if he does not do so before the  
 12 final distribution, that he be precluded from receiving any share of the estate. The  
 13 amount to which he would be entitled can be paid from the hold-back.

14 One other investor, Ed Beiler and his wife, have made a claim for \$121,000,  
 15 but Rainmaker bank records indicate that they have only invested \$111,000. (See:  
 16 Tab A, fn. 3). This may again be as a result of bank error, and is being further  
 17 investigated. At this time the Receiver recommends only recognizing Beiler's  
 18 verified deposit of \$111,000 until such time as verification of the additional  
 19 \$10,000 can be obtained. If that occurs, the extra credit to Beiler will be available  
 20 from the hold-back.

21 Finally, one investors, Lucas has not provided sufficient evidence of the  
 22 amount he is claiming invested. Lucas claims \$20,000 but the bank records only  
 23 reflect \$5,000 on his account. He has been asked to provide further documentation  
 24

---

25 <sup>12</sup> The Restums' presented evidence of \$100,000 being invested; however the bank  
 26 records only showed \$91,000 on their account. Shelburne has determined that the Commerce Bank  
 27 made an error in crediting a \$10,000 Restum check for only \$1,000, which explains the discrepancy.  
 28 (See: Tab A, fn. 4). The Receiver will attempt to get the Commerce Bank to correct the error, but  
 if it fails to do so, the Restum's should still have the full amount of \$100,000 invested credited to  
 them. (Albert Restum also appears to have been paid a \$2,500 "referral fee" by Conway, which will  
 be off-set from his total claim in any event.)

1 for the additional \$15,000. Again, if there is verification of his full claim, the hold-  
 2 back will be sufficient to recognize it in the final distribution.<sup>13</sup>

3 The Receiver recommends that there be a hold-back of any full distribution  
 4 to the investors noted until they either complete their forms and/or provide  
 5 adequate and reliable evidence of their full investments. If they do not do so within  
 6 one month of the approval of this report and recommendation by the Court, then  
 7 they will be recommended for either no distribution at all (Bongertz), or only a  
 8 partial distribution based on the verified amount of their investment. Any  
 9 remaining, undistributed funds will be distributed *pro rata* to the other investors in  
 10 the second and final distribution.

# 11 VI.

## 12 PUTATIVE INVESTMENT OF BRIAN SIMON

13 The Receiver continues to investigate the claim of one putative investor, Mr.  
 14 Brian Simon, who claims that defendant Levine conned him out of his home equity  
 15 in the amount of \$320,000, and that Levine promised him that these funds would be  
 16 invested in Rainmaker Managed Living. Moreover, according to a letter Simon  
 17 wrote on May 31, 2006, this same home in Belle Harbor, New York was used by  
 18 Levine as a "showcase" house in which to promote Rainmaker to prospective  
 19 investors who were taken through the house while being told it was to be used as a  
 20 managed care facility. This documentation is the only evidence to support his  
 21 claim. (See: Tab C)

22 While there is no tangible, independent evidence that the home equity funds  
 23 Simon says were given to Levine were solicited as part of the Rainmaker operation,  
 24 the timing of these proceeds may match two deposits from as yet undetermined  
 25 sources into the "Freedom Forum of New York," Bank of New York account.

26  
 27 <sup>13</sup> The reconciliations show that both Lucas and Seitz did receive interest disbursements  
 28 in the respective amounts of \$2,611 and \$2,138 respectively. Absent evidence of the amount they  
 claim, each will have been overpaid on their investment by these amounts.



1 These two deposits total \$279,000, an amount which comes close to matching the  
 2 investment Simon claims, and which allegedly occurred in early 2004 when the two  
 3 undetermined deposits were also made.

4 The Receiver recommends further investigation of this claim before any final  
 5 decision on whether or not to recognize it.

## 6 VII.

### 7 RECEIVERSHIP EXPENSES TO DATE

8 The total expenses of the Receiver and the two others thus far involved in  
 9 the recovery of assets and entitlement to proceeds phase of this matter are  
 10 approximately \$22,873.65 to date. Accompanying this report as Tab D are the  
 11 monthly bills which support the time spent by these professionals. The Receiver  
 12 has paid Shelburne \$5,740 for all his work through May 31, 2006. The services of  
 13 Mr. Shelburne have been obtained for \$75 an hour, which was commensurate with  
 14 the rates charged by others similarly skilled whom the receiver contacted before  
 15 engaging Mr. Shelburne. The bulk of Mr. Shelburne's work has been completed.

16 The Receiver's bills for legal services to the estate from commencement  
 17 through June 16, 2006, total \$17,133.65. The Receiver's hourly rate was  
 18 previously agreed at \$295 per hour, a substantial reduction from his normal billing  
 19 rate as a courtesy to the SEC and the investors who lost so much. There have been  
 20 no other expenses, save for postage and copying, which are included as  
 21 disbursements in the bills from the Receiver's office. The Receiver would ask that  
 22 the Court approve the interim payment to the Receiver of \$17,133.65 for time and  
 23 costs to date.<sup>14</sup>

24 ///

25 ///

26

27 <sup>14</sup> The Receiver's original estimate to the SEC for the entire matter was between  
 28 \$75,000 and \$100,000. It appears that the estimate was higher than what is estimated to conclude  
 the Receiver's work.

1 **CONCLUSION**

2 The Receiver respectfully requests that this Court permit the distribution of  
3 \$3,000,000 to the 80 investors listed in Tab A on the terms outlined herein. Further,  
4 the Receiver requests that this Court, after permitting them an opportunity to be  
5 heard in response to this Motion, foreclose investors Michelle Ramelot, Karma and  
6 Daniel Conway, George and Jennie Conway, Mark D. and Sheri L. Sirios and  
7 Jaimey Garrett from any distribution of estate funds. The Receiver also requests  
8 this Court permit him to conduct limited, further investigation of the potential to  
9 recover assets from the two Rainmaker real estate contracts, the three overpaid  
10 investors and the payments to relatives of Dilmaghani. Lastly, the Receiver  
11 requests approval of his interim fee application of \$17,133.65.

12  
13 DATED: June 22, 2006

COTTON & GUNDZIK LLP

14  
15   
16 John W. Cotton

17 Receiver for Rainmaker Managed Living  
18 LLC  
19  
20  
21  
22  
23  
24  
25  
26  
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28

**EXHIBIT A**

## Recommended RML Disbursements

6/20/2006

Source/Payee	Bank	Record	Investor	Investor	Disbursements	Investment net of	Money	Recommended	This Disb.
			Claim	Claim	% ROI	gain/loss	From	Disbursement	as a %
							JJ Conway	Prorata ROI 48.37%	of loss
3x Ronald & Donna McNaughton	\$60,000.00	\$0.00		\$0.00		\$3,300.03			
3k Rendira Cronkite	\$110,000.00	\$0.00		\$0.00		\$5,505.26			
9k Andrew Ho	\$193,000.00	\$223,000.00	Reo	\$190,000.00	Rec	\$6,145.92			
	\$363,000.00			\$378,011.21		\$15,011.21			
3.1n George & Jennie Conway	\$50,000.00	X		\$5,083.36	Rec		\$50,000.00		
3.1o Karmine & Carol Conway	\$50,000.00	X		\$6,352.22	Rec		\$50,000.00		
3q Michelle Ramirez	\$100,000.00			\$0.00			\$100,000.00		
3.1f Mark & Stephanie	\$40,000.00	X		\$5,739.80	14.35%		\$40,000.00		
3.1j Laimay Bartel	\$50,000.00	X		\$6,763.70	13.53%		\$50,000.00		
	\$290,000.00			\$41,919.56					
3.1y Cedric Lucas	\$5,000.00			\$4,890.40	97.81%				
3.2d Midge Seitz	\$10,000.00			\$2,138.20	100.00%				
3h Edwin & Betty Bieler	\$111,000.00			\$19,283.93	17.37%				
3w A. Albert & Barbara Restum	\$51,000.00			\$5,418.51	10.62%				
3.1g Chad & Justine Restum	\$30,000.00			\$1,751.85	5.84%				
3.1h Dean & Julie Ann Restum	\$10,000.00			\$1,052.40	10.52%				
3.2c Terri-Lee Jones & Michael Martinez	\$10,000.00			\$1,563.52	15.64%				
7j Michael Bongartz	\$10,000.00			\$777.99	7.78%				
3.1a Hector York	\$180,000.00	Reo		\$16,014.20	8.43%				
3.1aa Laura York	\$50,000.00	X		\$6,708.88	13.42%				
3.1b Winnie Lee	\$500,000.00	X		\$35,114.78	7.02%				
3.1c Kanyer Motamedi	\$101,000.00	X		\$10,299.76	10.20%				
3.1d Robert Domino	\$30,000.00	X		\$2,930.12	9.77%				
3.1e Paul Swift	\$30,000.00	X		\$2,915.06	9.72%				
3.1i Willock Family Revocable Trust	\$75,000.00	X		\$5,694.90	7.69%				
3.1k Susan Curtis	\$30,000.00	X		\$4,485.99	14.89%				
3.1l Surety Venture Capital	\$88,000.00	X		\$7,132.87	8.11%				
3.1m Cretina Tuttle	\$13,000.00	X		\$1,685.34	12.96%				
3.1p Amberway Equities	\$400,000.00	X		\$36,317.38	9.09%				
3.1q Don DesBlens	\$900,000.00	X		\$113,013.75	12.56%				
3.1r Joseph Cozza	\$70,000.00	X		\$7,132.63	10.19%				
3.1s Richard Helvey	\$24,000.00	X		\$2,711.23	11.30%				
3.1t Keystone Investments	\$120,000.00	X		\$14,647.60	12.37%				
3.1u James Johnson	\$10,000.00	X		\$0.00	0.00%				
3.1v Gerald Jorje	\$20,000.00	X		\$4,476.38	22.38%				
3.1w Joshua Jorje	\$20,000.00	X		\$3,328.94	16.64%				
3.1x Darwin Tuttle	\$20,000.00	X		\$1,814.51	14.73%				
3.1z Rachel Goodman	\$10,000.00	X		\$4,843.87	24.22%				
3.2a Thomas Osbeck	\$10,000.00	X		\$1,740.35	17.40%				
3.2b Rey Mor Enterprises	\$10,000.00	X		\$1,654.51	16.55%				
3a Paul Ifediba	\$841,000.00	X		\$108,190.51	12.89%				
3b Karen Nishimura	\$40,000.00	X		\$6,500.94	16.25%				
3c Nanci Lewis	\$20,000.00	X		\$3,389.22	16.95%				
3d Brian Tully	\$12,000.00	X		\$1,686.32	14.14%				
3e Tom & Sandra Dawson	\$90,000.00	X		\$14,558.13	16.19%				
3f New Adventure Holdings (Tom Dawson)	\$100,000.00	X		\$20,190.78	20.19%				
3g Leona Jo Helvey	\$111,000.00	X		\$13,788.94	12.42%				
3h Harri Hayashida	\$250,000.00	X		\$29,496.12	11.80%				
3i William Siegl	\$10,000.00	X		\$1,500.00	15.00%				
3j Cathy Goodman	\$144,000.00	X		\$40,962.90	28.45%				
3k Ken Goldmann	\$102,000.00	X		\$10,926.48	10.71%				
3m James & Joanna Lang	\$150,000.00	X		\$23,100.09	15.40%				
3n Dominick Mallico	\$175,000.00	X		\$20,685.78	11.82%				

## Recommended RML Disbursements

Source/Payee	Deposits		Investor Claim	Disbursements		Investor Claim	Investment net of Interest Received	Money From	Recommended Disbursement	This Disb. as a % of loss
	Bank Record	Investor Claim		Bank Record	% ROI					
3p Harold Schwartz	\$65,000.00	\$65,000.00	X	\$7,088.78	10.91%	\$5,633.68	Rec (\$7,911.22)	JJ Conway	\$23,048.89	39.80%
3r James & Judy Saso	\$25,000.00	\$25,000.00	X	\$3,293.50	13.17%	\$3,293.50	X (\$21,706.50)		\$8,287.81	38.23%
3s Oreck Family Trust	\$40,000.00	\$40,000.00	X	\$4,091.89	10.23%	\$4,091.89	X (\$35,908.11)		\$14,454.37	40.25%
3t Gary Strobel	\$10,000.00	\$10,000.00	X	\$1,334.35	13.34%	\$1,101.88	Rec (\$8,896.12)		\$3,302.21	38.11%
3u Steven & Jennifer Wall	\$70,000.00	\$70,000.00	X	\$12,205.68	17.44%	\$7,383.17	Rec (\$62,616.83)		\$20,250.27	35.04%
3v Gordon & Patricia McGrane	\$25,000.00	\$25,000.00	X	\$2,660.51	10.64%	\$2,660.51	X (\$22,339.49)		\$8,930.80	38.76%
3y Simon Drathin	\$1,010,000.00	\$1,010,000.00	X	\$140,232.88	13.88%	\$127,482.88	Rec (\$88,717.12)	\$18,000.00	\$319,714.36	38.76%
3z Ronald Horowitz	\$50,000.00	\$50,000.00	X	\$5,729.20	11.46%	\$3,124.86	Rec (\$46,875.14)		\$17,453.62	38.42%
7a CG Investments	\$200,000.00	\$200,000.00	X	\$19,168.68	9.58%	\$19,168.68	X (\$180,831.32)		\$73,564.82	40.68%
7b Rod & Dolores Molashar	\$200,000.00	\$200,000.00	X	\$12,500.01	6.25%	\$12,500.01	X (\$187,499.99)		\$20,231.28	42.79%
7c L.S.J. Alliance (Bruce Yates)	\$75,000.00	\$75,000.00	X	\$4,687.50	6.25%	\$3,125.00	Rec (\$70,312.50)	\$5,000.00	\$67,768.45	39.49%
7d Michael Talbot	\$80,000.00	\$80,000.00	X	\$2,559.82	4.27%	\$2,559.82	X (\$77,440.18)		\$25,269.57	43.98%
7e Chris Nelson	\$75,000.00	\$75,000.00	X	\$5,149.83	6.87%	\$5,149.83	X (\$69,850.17)		\$29,824.41	42.41%
7f Mindy Fox-Sachs	\$77,638.49	\$77,638.49	X	\$3,938.58	5.15%	\$3,938.58	X (\$73,699.91)		\$31,988.01	43.45%
7g Geraldine Athas-Vasquez	\$20,000.00	\$20,000.00	X	\$1,833.36	9.17%	\$1,833.36	X (\$18,166.64)		\$7,439.77	40.95%
7h Kevin Priest	\$10,000.00	\$10,000.00	X	\$916.68	9.17%	\$916.68	X (\$9,083.32)		\$3,719.88	40.95%
7i Randy & Kay Meers	\$10,000.00	\$10,000.00	X	\$916.68	9.17%	\$916.68	Rec (\$9,083.32)		\$3,719.88	40.95%
7k Darren Dziedzic	\$10,000.00	\$10,000.00	X	\$916.68	9.17%	\$1,145.65	Rec (\$9,083.32)		\$3,719.88	40.95%
7l Mark Mordecai	\$101,000.00	\$101,000.00	X	\$9,666.68	9.57%	\$9,666.68	X (\$91,333.32)		\$37,162.63	40.69%
7m Michael Zippolo	\$200,000.00	\$200,000.00	X	\$11,001.20	5.50%	\$6,209.53	Rec (\$188,790.47)		\$81,730.10	43.24%
7n Luciano & Anna Chioda	\$50,000.00	\$50,000.00	X	\$4,583.32	9.17%	\$4,583.32	X (\$45,416.68)		\$18,599.50	40.95%
7o Alan Novoselsky	\$75,000.00	\$75,000.00	X	\$5,958.38	7.94%	\$5,958.38	X (\$69,041.62)		\$28,815.86	41.74%
7p Carol Ann Madson	\$50,000.00	\$50,000.00	X	\$3,125.01	6.25%	\$3,125.01	X (\$46,874.99)		\$20,057.81	42.79%
7q Stephen Bagrasco	\$40,000.00	\$40,000.00	X	\$4,583.36	8.17%	\$4,583.36	X (\$45,416.64)		\$18,599.46	40.95%
7r Robert Hahn	\$40,000.00	\$40,000.00	X	\$1,999.13	5.00%	\$1,217.40	Rec (\$38,782.60)		\$16,547.13	43.54%
7s Rose Schorr	\$145,000.00	\$145,000.00	X	\$7,233.52	4.99%	\$7,233.52	X (\$137,766.48)		\$59,988.87	43.55%
7t Robert Ulin	\$59,000.00	\$59,000.00	X	\$3,163.76	5.45%	\$3,163.76	X (\$54,836.24)		\$23,728.32	43.27%
7u Libra Investments (Jude Kidder)	\$25,000.00	\$25,000.00	X	\$1,195.85	4.78%	\$1,195.85	X (\$23,804.15)		\$10,395.66	43.67%
7v Pamela Mayer	\$25,000.00	\$25,000.00	X	\$98.52	0.27%	\$68.52	X (\$24,931.48)		\$11,522.89	46.22%
7w Donald Pearson	\$350,000.00	\$350,000.00	X	\$4,905.87	1.40%	\$4,905.87	X (\$345,094.13)		\$157,373.80	45.60%
7x Beulah Wenger	\$50,000.00	\$50,000.00	X	\$0.00	0.00%	\$0.00	X (\$50,000.00)		\$23,182.82	46.37%
7y Michael Byg	\$55,000.00	\$55,000.00	X	\$0.00	0.00%	\$0.00	X (\$55,000.00)		\$25,501.11	46.37%
7z Lianna Dziedzic	\$25,000.00	\$25,000.00	X	\$916.68	9.17%	\$916.68	X (\$9,083.32)		\$3,719.88	40.95%
8a David Harris	\$25,000.00	\$25,000.00	X	\$0.00	0.00%	\$0.00	X (\$25,000.00)		\$11,581.41	46.37%
8m Multiplex Financial Group (Bruce Yates)	\$100,000.00	\$100,000.00	X	\$2,187.50	2.19%	\$2,187.50	X (\$97,812.50)		\$44,178.15	48.17%
8n Roger Reinher	\$10,000.00	\$10,000.00	X	\$916.68	9.17%	\$916.68	X (\$9,083.32)		\$3,719.88	40.95%
8r Tony Richardson	\$40,500.00	\$40,500.00	X	\$0.00	0.00%	\$0.00	X (\$40,500.00)		\$18,778.00	46.37%
8s Hagan Sagerman	\$12,500.00	\$12,500.00	X	\$154.26	1.23%	\$154.26	X (\$12,345.74)		\$5,041.45	45.70%
8t Jan Shorey	\$12,500.00	\$12,500.00	X	\$154.26	1.23%	\$154.26	X (\$12,345.74)		\$5,041.45	45.70%
No Investment claim received	\$8,523,138.49			\$908,243.37	10.66%			\$93,980.00	\$3,000,000.00	
McGraw-Hill										
RML Deposits v. Investor Claims	\$9,165,138.49	\$9,955,138.49								
RML Disbursements v. Investor Claims				\$1,328,174.14	14.49%	\$1,089,510.83				
1. Possible 9/04 deposit for \$15K to FFNYC (CB) account										
2. Possible 9/04 deposit for \$10K to FFNYC (CB) account										
3. Possible 9/04 deposit for \$10K to FFNYC (CB) account										
4. Investor records may differ due to bank error in recording deposit (\$1,000 deposit credited v. \$10,000 act. check amount, 4/28/05)										
5. Possible mis-application of \$20,000 from A Return to C Return's account based on interest payment audit										
Funds Available							Of Funds			
Less Interest Received							Invested			
To be Disbursed										
							\$3,908,243.37			
							\$908,243.37			
							\$3,000,000.00			



AUG-10-2007 12:26

TON & GUNDZIK LLP

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CLERK U.S. DISTRICT COURT  
CENTRAL DIST. OF CALIF.  
LOS ANGELES

6 Receiver for  
7 Rainmaker Managed Living LLC

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9 UNITED STATES DISTRICT COURT  
10 CENTRAL DISTRICT OF CALIFORNIA  
11

12 SECURITIES AND EXCHANGE  
COMMISSION,

13 Plaintiff,

14 v.

15 RAINMAKER MANAGED LIVING  
16 LLC, ET AL.

17 Respondents.  
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Case No. CV 05-6121 SJO (SHx)

RECEIVER'S FINAL REPORT AND  
MOTION FOR APPROVAL FOR  
DISBURSEMENT OF FUNDS TO  
INVESTORS

DATE: September 17, 2007  
TIME: 10:00 a.m.  
PLACE: Courtroom 1600  
The Hon. James S. Otero

1  
FINAL INTERIM REPORT AND REQUEST FOR FINAL DISBURSEMENT

COPY

237

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6 Receiver for  
7 Rainmaker Managed Living LLC

8  
9 UNITED STATES DISTRICT COURT  
10 CENTRAL DISTRICT OF CALIFORNIA  
11

12 SECURITIES AND EXCHANGE  
COMMISSION,

13 Plaintiff,

14 v.

15 RAINMAKER MANAGED LIVING  
16 LLC, ET AL.

17 Respondents.  
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Case No. CV 05-6121 SJO (SHx)

RECEIVER'S FINAL REPORT AND  
MOTION FOR APPROVAL FOR  
DISBURSEMENT OF FUNDS TO  
INVESTORS

DATE: September 17, 2007  
TIME: 10:00 a.m.  
PLACE: Courtroom 1600  
The Hon. James S. Otero

## I.

INTRODUCTION

The Receiver's First ("FIR"), Second ("SIR"), and Third Interim Reports ("TIR") were approved by the Court on July 24, 2006, and February 6 and May 29, 2007, respectively. Each reported on the activities of the Receiver up through those dates. The purpose of this Final Interim Report is three-fold: first, to report on the activity of the Receiver since the TIR was approved; second, to request the Court's approval of the Receiver's final expenses and fees; and third to approve the final distribution of estate funds to the investors of Rainmaker Managed Living LLC ("Rainmaker").

## II.

FINAL STATUS OF THE RECEIVERSHIP ESTATEA. The Results of the Interim Distributions To Date

As of the date of this report, the eighty-one (81) previously-approved investors have received and cashed their interim distribution checks in the total amount of \$3,780,000. No other putative investors have come forward claiming any interest in the estate and therefore the Receiver is satisfied that these 81 investors still constitute the entire universe of those entitled to a distribution. None of the approved investors have noted any discrepancies in the calculation of their distribution amount and there have been no complaints made concerning the method and amount of the interim distributions. Finally, none of the disqualified claimants (those whose invested funds came directly or indirectly from defendants in this action) have yet complained to the Receiver about their disqualification after being given notice that they would be so disqualified in the FIR.

As of the date of this report, there remains approximately \$171,000.00 of available estate funds on deposit in the Receivership's checking and money



market accounts.<sup>1</sup> The Receiver is recommending a final, *pro rata* distribution of \$160,000.00 of these funds to the 81 investors as their final distribution of estate assets.

B. The Results of the Receivership

With the approval of this final, recommended distribution, the total amount that will have been distributed to the Rainmaker investors is \$3,940,000. When calculated against the amount of net out-of-pocket investment dollars, the 81 investors received back 50% of their net invested funds.<sup>2</sup> The total cost of the Receivership estate to-date has been \$79,800.00, which results in only 2% of the recovered investor funds being used to cover the cost of estate administration.<sup>3</sup>

C. Amounts Recovered from Defendants

As the Court knows, on September 7 and 12, 2006, respectively, it entered final judgments against defendants Alireza Dilmaghani and J. J. Conway. The September 7<sup>th</sup> judgment against Dilmaghani ordered him to pay \$1,157,173.79 in disgorgement, plus \$446,850.17 in prejudgment interest, and a \$130,000 civil penalty. Dilmaghani, whose debtor examination under penalty of perjury was taken in December of 2006, regarding any available assets to satisfy his disgorgement order, has not paid anything into the Receivership estate and

---

<sup>1</sup> The Receiver will still have to file Federal and state tax returns for 2007 (although the return will not show taxes due since receivership expenses outweigh interest income), and will also have to handle residual issues and questions that inevitably come up as the Receivership closes, including those related to tax and estate issues. There are also unpaid fees of approximately \$2,500 and the fees for this report and any hearing regarding it. The Receiver is therefore recommending a small hold-back of \$7,500 from the residual amount in the estate to cover those anticipated expenses.

<sup>2</sup> This is calculated by dividing the amount of net invested funds reported in the First Interim Report of \$7,847,628 by the total amount that will have been distributed after the presently recommended amount, or \$3,940,000.

<sup>3</sup> A schedule of the payments to professionals is attached hereto as Exhibit A. Fees paid to the Receiver have been \$52,592.00, and the balance went to other counsel and professionals.

1 therefore still owes the full amount ordered by this court of \$1,334,023.96, not  
2 counting any accrued interest.<sup>4</sup>

3 The September 12<sup>th</sup> judgment against Conway ordered him to pay  
4 disgorgement of \$2,115,136.26, plus prejudgment interest of \$85,634.93, and a  
5 \$130,000 civil penalty for a total of \$2,330,771.19. As of the date of this report,  
6 Conway has paid into the Receivership estate the net amount of \$315,000.<sup>5</sup> This  
7 leaves a present balance of \$2,015,771.19, not counting any accrued interest  
8 since the date of the judgment.

9 On August 22, 2006, the Court entered a final judgment against defendants  
10 Furman & Dilmaghani, P.C. and Sidney F. Levine, ordering Levine to pay  
11 \$4,294,601 in disgorgement plus prejudgment interest of \$11,967.86, and a  
12 \$130,000 civil penalty. The Receiver has been unable to collect any of the money  
13 payable by Levine because his whereabouts are unknown. Thus, Levine still  
14 owes the entire balance of \$4,436,568.86.

15 As the Receiver is recommending herein that he be relieved of any further  
16 duty to attempt to collect funds from the defendants by way of disgorgement, he  
17 also recommends that the Court order the defendants to make any remaining  
18 payments of their judgment directly to the SEC.

19 D. Likelihood of Future Recovery of Funds

20 Several investors have inquired as to what further efforts the Receiver  
21 would undertake to monitor the future ability of the defendants to make  
22 disgorgement or restitution payments. The short answer is that the Receiver  
23 cannot continue his role indefinitely, and with the presently recommended last  
24

25 <sup>4</sup> As the Receiver noted previously, nothing in Dilmaghani's deposition suggested that  
26 he had any material assets from which any disgorgement could be obtained.

27 <sup>5</sup> The \$140,000 Franchise Tax Board (FTB) rebate check which Conway turned over to  
28 the Receiver was in turn paid by the Receiver to the FTB. Since this amount did not belong to  
Conway, as it was based on an incorrect rebate calculation, it did not benefit the investors and is  
therefore not a credit toward the amount of disgorgement.

1 distribution, there will be no further assets remaining with which to pay for the  
2 continuation of the Receivership estate other than to wind it down. All known and  
3 available methods for locating assets of the defendants have been exhausted, and  
4 there is no reasonable prospect of any material amount of recovery on the  
5 horizon. The Receiver therefore recommends that this Court discharge the  
6 Receiver of any further obligations, and save for the remaining administrative  
7 items set-forth herein, permit the Receiver to close the estate and close out the  
8 file.

9 E. Receivership Expenses to Date

10 As mentioned above, the total cost of administration of the Rainmaker  
11 Receivership estate, including the request for disbursement herein, has been  
12 \$79,800. This includes the cost of the Receiver, his tax accountant, his forensic  
13 accountant, any retained experts and attorneys in distant forums, and the  
14 Receiver's staff. The original estimate to the SEC for the work of the Receiver  
15 was between \$75,000 to \$100,000, and the administrative expenses to date have  
16 obviously been within that range. The Receiver's remaining invoices totaling  
17 \$2,060.08 are attached as Exhibit B.

18 F. Receivership Hold Back

19 It can be anticipated based on the Receivers's previous receivership  
20 assignments, that over the next one to four months, there will be additional  
21 questions put to the Receiver by Rainmaker investors (tax and distribution  
22 questions) and/or the defendants and their counsel; requests for information and  
23 assistance on disgorgement collection efforts by the SEC and/or the U.S.  
24 Treasury, and possible questions by others, including the Office of United States  
25 Attorney. It is impossible with any amount of precision to estimate the amount of  
26 additional time that might be required, but it could easily range between 10 to 35  
27 additional hours. For this reason, the Receiver is asking this court for a small  
28 hold-back of \$7,500 from the final distribution, to cover these potential time


1 requirements. The Receiver would fully credit this amount to his firm, and  
2 assume responsibility for any remaining work and compensate for it from this  
3 fund.

4 **CONCLUSION**

5 The Receiver respectfully requests that this Court approve his Final fee  
6 application of \$2,500, his hold back in the amount of \$7,500 and the  
7 disbursement to investors of \$160,000. The Receiver expects to wind up the  
8 entire estate within the next two months, close out the file and send the records to  
9 storage where they will be maintained for a period of two years before being  
10 destroyed.

11  
12 DATED: August 10, 2007

COTTON & GUNDZIK LLP

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14   
15 John W. Cotton

16 Receiver for Rainmaker Managed Living  
17 LLC  
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**R-maker Manged Living LLC Rece**  
**Transaction List by Vendor**  
**All Transactions**

	Type	Date	Num	Memo	Account	Split	Amount
<b>Cotton &amp; Gundzik, LLP</b>	Check	08/04/2006	95		California Bank Trust	Legal Fees	-17,133.65
	Check	08/16/2006	10001		California Bank Trust	Legal Fees	-1.00
	Check	02/16/2007	1006		California Bank Trust	Legal Fees	-25,665.01
	Check	06/01/2007	10195		California Bank Trust	Legal Fees	-9,792.70
<b>Leven Friedman LLP</b>							-52,592.36
	Check	09/11/2006	10093	Invoice #470	California Bank Trust	Legal Fees	-8,562.86
<b>Miller Korzenik Sommer LLP</b>							-8,562.86
	Check	07/27/2006	93		California Bank Trust	-SPLIT-	-682.50
	Check	09/11/2006	10092		California Bank Trust	-SPLIT-	-292.50
	Check	11/10/2006	1003	09/26/06 - 10/31/06	California Bank Trust	Legal Fees	-1,078.00
	Check	02/08/2007	1005	11/27/06 - 01/22/07	California Bank Trust	Legal Fees	-2,962.80
	Check	05/08/2007	10193	services thru 04/30/07	California Bank Trust	Legal Fees	-1,028.30
<b>Steve Shelburne</b>							-6,044.10
	Check	06/08/2006	91		California Bank Trust	Consulting	-5,730.00
	Check	07/05/2006	92		California Bank Trust	Consulting	-1,665.00
	Check	08/14/2006	94		California Bank Trust	Consulting	-630.00
	Check	09/01/2006	100	Invoice #10028	California Bank Trust	Consulting	-480.00
	Check	10/03/2006	1002	Invoice #10030	California Bank Trust	Consulting	-975.00
	Check	01/08/2007	1004	Invoice #10034	California Bank Trust	Consulting	-427.50
							-9,907.50
<b>Marc Bratman</b>							-2,750.00
	Check	08/09/2007	1009	August Invoices	California Bank Trust	Legal Fees	-2,750.00
							-79,856.82

**COTTON & GUNDZIK LLP**

624 SOUTH GRAND AVENUE  
22ND FLOOR  
LOS ANGELES, CA 90017

DATE	INVOICE #
6/4/2007	3720

**BILL TO**

RAINMAKER MANAGED LIVING LLC RECEIVERSHIP  
JOHN W. COTTON, RECEIVER  
624 SOUTH GRAND AVENUE, 22ND FLOOR  
LOS ANGELES, CA 90017

**INVOICE**

NAME	DATE	DESCRIPTION	HOURS	RATE	AMOUNT
JOHN COTTON	5/10/2007	EDIT AND FINALIZE THE THIRD REPORT TO THE COURT	0.8	295.00	236.00
JOHN COTTON	5/10/2007	DRAFT LETTER TO FTB ON CONWAY REFUND CHECK AND REVIEW DOCUMENTS FOR EXHIBITS TO SAME	0.5	295.00	147.50
JOHN COTTON	5/10/2007	CONTINUE DRAFTING THIRD REPORT	0.5	295.00	147.50
JOHN COTTON	5/13/2007	EDIT AND FINALIZE REPORT FOR FILING	0.3	295.00	88.50
JOHN COTTON	5/15/2007	TELEPHONE CALL FROM WILBUR SHORTZ AT FTB ON CONWAY REPAYMENT	0.2	295.00	59.00
JOHN COTTON	5/15/2007	EDIT THE FINAL AND FILED BRIEF AND DRAFT ORDER	0.3	295.00	88.50
DIANE GOTORI	5/15/2007	DRAFT NOTICE TO THIRD INTERIM REPORT; REVISE THIRD INTERIM REPORT; CALLS TO BANK RE STATUS OF ACCOUNT; CALL TO BOOKKEEPER RE UPDATES FOR INTERIM REPORT; CALL TO INVESTOR GARY STROBEL RE DISBURSEMENT CHECK AND MAILING ADDRESS	2	75.00	150.00
JOHN COTTON	5/18/2007	TELEPHONE CALL FROM DESBIENS ON RECOVERY ISSUES	0.5	295.00	147.50
REIMB GROUP	5/16/2007	04/12/07 FEDEX TO LOUISE SOMMERS		43.11	43.11
	5/24/2007	BEVERLY HILLS EXPRESS - USDC		55.00	55.00
	5/29/2007	05/15/07 FEDEX TO GARY STROBEL		16.93	16.93
		TOTAL REIMBURSABLE EXPENSES			115.04
<b>TOTAL</b>					<b>\$1,179.54</b>

FEDERAL ID#95-4873544  
TERMS: DUE IN 30 DAYS.



**COTTON & GUNDZIK LLP**

624 SOUTH GRAND AVENUE  
22ND FLOOR  
LOS ANGELES, CA 90017

DATE	INVOICE #
8/10/2007	3818

BILL TO

RAINMAKER MANAGED LIVING LLC RECEIVERSHIP  
JOHN W. COTTON, RECEIVER  
624 SOUTH GRAND AVENUE, 22ND FLOOR  
LOS ANGELES, CA 90017

**INVOICE**

NAME	DATE	DESCRIPTION	HOURS	RATE	AMOUNT
JOHN COTTON	6/4/2007	DRAFT LETTER TO INVESTORS	0.3	295.00	88.50
AARON GUNDZIK	6/4/2007	REVIEW ISSUES RE DISTRIBUTION ORDER	0.25	295.00	73.75
JOHN COTTON	6/8/2007	DRAFT E-MAIL TO DAWSON INQUIRY AND FINISH LETTER TO INVESTORS	0.2	295.00	59.00
JOHN COTTON	6/27/2007	INVESTIGATION OF THE LOSS OF SIMON CHECK AND E-MAILS TO SIMON AND TELEPHONE CALL TO CAL BANK AND TRUST	0.5	295.00	147.50
JOHN COTTON	6/28/2007	TELEPHONE CALL FROM SIMON ON CHECK AND E-MAIL ON SAME	0.1	295.00	29.50
JOHN COTTON	7/5/2007	TELEPHONE CALL FROM SIMON AND CONFER WITH D. GOTORI ON FUNDS TRANSFER	0.2	295.00	59.00
JOHN COTTON	7/16/2007	FINISH AND SIGN TAX RETURNS FOR 2006; CHECK ON ACCOUNT BALANCES FOR FINAL DISTRIBUTION; CHECK OUTSTANDING INVOICES	0.5	295.00	147.50
JOHN COTTON REIMB GROUP	7/31/2007	DRAFT FINAL REPORT	0.8	295.00	236.00
	6/15/2007	LEXIS RESEARCH		14.67	14.67
	6/26/2007	06/08/07 FEDEX TO BRIAN SIMON		25.12	25.12
		TOTAL REIMBURSABLE EXPENSES			39.79
<b>TOTAL</b>					<b>\$880.54</b>

FEDERAL ID#95-4873544  
TERMS: DUE IN 30 DAYS.

9

**PROOF OF SERVICE**

I declare that I am employed in the County of Los Angeles, California. I am over the age of eighteen years and not a party to the within case; my business address is: Cotton & Gundzik LLP, 624 South Grand Avenue, 22<sup>nd</sup> Floor, Los Angeles, California 90017.

On January 8, 2007, I served the foregoing document described as:

FINAL INTERIM REPORT AND REQUEST FOR FINAL DISBURSEMENT

on the following interested parties in this action:

**Plaintiff**

Molly White  
C. Dabney O'Riordan  
Securities and Exchange Commission  
5670 Wilshire Blvd., 11<sup>th</sup> Floor  
Los Angeles, CA 90036  
T: 323/965-3998  
F: 323/965-3908

Alireza Dilmaghani  
Rainmaker Managed Living LLC  
Furman & Dilmaghani PC  
106 Central Park South  
Suite 8D  
New York, NY 10019  
T: 646/375-2393  
F: 646/375-2235

**Counsel For James Joseph Conway**

Stephen Lehat  
895 Dove St.  
3rd Floor  
Newport Beach, CA 92660  
T: 323/935-3517  
F: 323/935-0410

**Daniel J Cheren**  
Cheren & Associates  
16055 Ventura Boulevard, Suite 525  
Encino, CA 91436  
818-990-7700  
Fax: 818-990-9888

Rainmaker Managed Living LLC  
c/o James Joseph Conway  
1129 West Second Street  
San Pedro, CA 90731

☒ (BY MAIL) ☐ (BY CERTIFIED MAIL) by placing a true copy thereof in a sealed envelope with postage fully prepaid. I am readily familiar with the business practice of Cotton & Gundzik LLP for collection and processing of correspondence for mailing with the United States Postal Service, and the correspondence would be deposited with the United States Postal Service that same day in the ordinary course of business.

☐ (BY TELEFACSIMILE TRANSMISSION) at approximately \_\_\_\_\_ [ ] AM [ ] PM, from the telefacsimile transmitting machine at the offices of Cotton & Gundzik LLP, 624 South Grand Avenue, 22<sup>nd</sup> Floor, Los Angeles, California 90017 [facsimile number (213) 623-6699], to the attention of the following interested parties in this action, at addressee's facsimile numbers set forth in the attached facsimile cover sheet.

This transmission was reported as complete and without error.

10  
FINAL INTERIM REPORT AND REQUEST FOR FINAL DISBURSEMENT

1 ☐ (BY OVERNIGHT DELIVERY)  
2 ☐ BY FEDERAL EXPRESS DELIVERY

3  
4 I declare under penalty of perjury under the laws of the State of California  
5 that the foregoing is true and correct. Executed on January 8, 2007 at Los  
6 Angeles, California.

7 Diane M. Gotori

8 name

signature

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FINAL INTERIM REPORT AND REQUEST FOR FINAL DISBURSEMENT

# Exhibit 3

TRULINCS [REDACTED] - Unit: BRO-C-A

-----

FROM: [REDACTED]  
TO:  
SUBJECT: Affidavit  
DATE: 06/24/2012 09:19:53 PM

AFFIDAVIT OF DEFENDANT FREDERICK GEORGE CELANI  
IN SUPPORT OF APPOINTMENT OF ADDITIONAL COUNSEL

COMES NOW THE AFFIANT, Frederick George Celani, the defendant in the matter of United States of America, v. Frederick G. Celani, and in support of a letter motion by appointed counsel Robert LaRusso, for appointment of additional counsel in this case hereby states under the penalty of perjury to wit:

1. The case currently before the court was first presented on March 17, 2009. Since that time more THREE YEARS and THREE MONTHS (emphasis added) 39 months, have elapsed. In that time the court has taken the following steps in this case.
2. The Court appointed James Neville, Esquire of Port Washington, New York, to act as primary counsel. The first Neville appointment took place on August 10, 2009. [Dkt Ent 23] Months elapsed between the appointment of Counsel Neville and Neville's first visit to the Nassau County Jail, to see the defendant.
3. Thereafter on October 14, 2010, [Dkt. Ent: 95] the court permitted the appointment of Counsel James Brandon. Brandon, as the second seat in the matter to assist Counsel Neville. This appointment was pursuant to the discontent expressed by the defendant, as to the lack of defense preparedness in this case.
4. On December 17, 2010, [Dkt Ent. 101] the defendant requested that Counsel Neville be removed. The court agreed and counsel Brandon assumed first seat in the case.
5. On February 18, 2011, [Dkt Ent. 107] the defendant elected to proceed pro-se. Counsel Brandon was removed and Richard Miller, Esq. was appointed as the courts standby counsel.
6. During the period of time the defendant was acting pro-se, from February 18, 2011 to August 5, 2011, the defendant filed numerous motions. [See: Dkt Ent: 157; 158; 166; 167; and 168.]
7. In early August of 2011, Counsel Neville approached the defendant at the MDC Federal Holding Facility and requested he be allowed to rejoin the defense as he was sorry that he had been remiss in his past performance. The defendant relented to the request and Counsel Neville was re-assigned as C.J.A. primary counsel.[See: Dkt Ent: 134].
8. The court then set new motions dates. [See Dkt Ent: 152; 153; 154; 157; and 168] Each and every date for filing of motions was "MISSED" by Counsel Neville. In fact Counsel Neville went so far as to withdraw every motion filed by the defendant, as set forth at paragraph six (6) supra. As of the date of this affidavit there are no pending motions [Dkt Ent: 168] as counsel Neville "NEVER" (emphasis added) accomplished any of the courts date specific orders to complete the filing of the motions.
9. Counsel Neville, fully aware of the fact he had missed each and every motions filing deadline, again requested a second seat and investigator. [Dkt Ent 166] Again, the court approved the second seat and investigator. THIS WAS THE COURTS SECOND TIME APPROVING ADDITIONAL COUNSEL TO ASSIST NEVILLE, (emphasis added).
10. Counsel Neville informed the court that he chose Stephen Zissau, (phonetic) as co-counsel and the record reflects Zissau (phonetic) never filed his appearance in the case, and appeared only one time at the MDC to speak with the defendant.
11. After three years of Counsel Neville's folly, the defendant wrote to the court and advised the court that he was being told by Counsel Neville to handle the case himself. Counsel Neville admitted to the defendant that he suffered from a alcohol addiction and had never worked on the case in any productive manner.
12. The defendant was able to ascertain that Counsel Neville had in fact hired a man named Andrew Oliveras, a newly license attorney to act as a paralegal. Oliveras "NEVER" (emphasis added) came to see the defendant at the MDC. Oliveras was allowed by Neville to proceed unsupervised with no experience in federal criminal law. Attached are four emails which detail the fact that Counsel Neville had no faith in the ability of Oliveras to handle the assigned tasks. [See: Exhibits A; B; C; and D; attached hereto and fully incorporated herein by reference.]

TRULINCS [REDACTED] - Unit: BRO-C-A

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13. The court then appointed Counsel Robert LaRusso as primary counsel and demoted Neville to the role of second seat. Thereafter Neville caused to be sent to the defendant, an email making demands that the defendant take action to remove derogatory comments about Counsel Neville from the internet. (This email is in the TRU-LINCS email cache of the MDC email system. The defendant cannot print it as the defendant does not have the money to pay for the printing).

14. On June 22, 2012, during a status hearing the defendant requested that Neville be removed due to irreconcilable differences. The court granted the request, yet curiously denied appointment of replacement counsel after having previously assigned second seats, *ON TWO OCCASIONS*, (emphasis added) as set forth at paragraphs three (3) and Nine (9) supra. The court did invite counsel LaRusso to send the court, within ten (10) days, a letter requesting a second seat, which the defendant has demanded that counsel LaRusso append this affidavit to.

15. The court appears to have set this case on a fast track after almost three and a half years. The courts reasoning was not explained. The fact remains that the court for 39 months allowed counsel Neville to escape even a modicum of responsibility to this defendant. Other than the discovery disks the defendant was able to obtain pro-se from the prosecution, the defendant has yet to see one page of discovery. The court appears to be ready to set a trial date on September 28, 2012. That is rather curious, when after 39 months not even the basic task of discovery review has been had, let alone motions practice.

16. This case is not now, nor will it be ready for a trial date on September 28, 2012. It will be at least March to June of 2013, before discovery is completed if Mr. LaRusso starts his task now. Yet even Mr. LaRusso stated in open court that he is busy and has other cases to handle. This case involves discovery requests from various foreign governments, federal agencies, and state agencies wherein the defendants law firms operated. Mr. LaRusso cannot accomplish this alone. Mr. LaRusso will require court ordered subpoena's and it is expected active motions practice will result via motions to modify or quash.

17. The defendant is entitled to present his defense. This court well aware of the Second Circuits decision in *United States v. Jeffrey Goldson*, regarding the presentation of an "alternative Defense" and for that matter "*MULTIPLE ALTERNATIVE DEFENSES*". (emphasis added). In *Goldson* the Second Circuit stated at 954 F.2d 55 & 56 the following:

"The fact that Goldson urged alternative theories was not a correct reason to have refused to give (sic) his requested instruction. There was ample evidence to support either of Goldson's defenses. Accordingly, Goldson should have been allowed to contend that he did not throw the brick, but, even if he did throw it, he did so only because he thought that McGurk was a private citizen who intended to harm him" This case was reversed and remanded for retrial. The same situation in *Goldson* is present in the Celani case.

18. The problem herein presented is a complex one wherein all the bricks that Celani needs to throw at the governments case have not been dug up due to Counsel Neville's neglect, which a study of the record would appear to have been condoned by the court.

19. After 39 months the appointment of a second seat to help Mr. LaRusso dig up the bricks, in the humble opinion of the defendant, can best be described as a Judicial necessity, in order to ensure the publics perception as to the integrity of the courts in the eyes of the public.

20. To do other wise is a gross miscarriage of justice, and a denial of due process, under both the Fifth and Sixth amendment to the United States Constitution.

PRESERVATION OF THE RECORD: The defendant wishes to preserve the points raised herein for appellate purposes and objects as to the courts denial of a second seat on due process grounds.

SWORN UNDER THE PENALTY OF PERJURY PURSUANT TO 28 U.S.C. ss: 1746.

Dated: June 25, 2012

By: 

Frederick George Celani

Defendant

Reg No: 06691-026

MDC Brooklyn



TRULINCS 06691026 - CELANI, FREDERICK GEORGE - Unit: BRO-C-A

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FROM: 06691026  
TO: Neville, James; Oliveras, Andrew  
SUBJECT: Discovery Issues  
DATE: 02/09/2012 01:59:13 PM

Dear Counsel Oliveras:

I had a conversation with Jim Neville regarding the discovery review you are engaged in. I am deeply concerned that the mountain of discovery in this case is being left unplowed. I have no idea if you are aware that discovery is set to close on April 2, 2012. AT that time the court has "Strongly" indicated that it will set a trial date.

I cannot help but wonder how you are going to review the discovery having never met with me to discuss the case. Discovery review rests on salient issues to be raised by the defendant. That said, are you aware of what the salient issues are?

James says you have agreed to undertake and will scan all the documents in all the boxes you have, and send me the disks. When will that be accomplished?

James also tells me that he instructed you to make a hard copy of Disk Number 1, in total for me to review here, all of the documents on that disk.

Has that been accomplished?

I feel that you must obtain a copy of every status hearing transcript in this case. I have been trying to get them for 2 years and have thus far been unsuccessful.

We are now six weeks from a trial date being set. I would like to have all of the disks referenced supra in my hands no later than February 17, 2012.

I suggest you make duplicates so I can reference what I see on my copies to the copies you and James retain.

I am deeply concerned that we continue to be in the exact same spot we were one year ago, regarding trial preparation, in a case that will be three years old on March 17, 2012.

I have sent an electronic copy of this message to Jim Neville and a hard copy by snail mail to Steve and Ron to preserve the record.

Best regards  
Fred Celani

EXH - "A"

TRULINCS 06691026 - CELANI, FREDERICK GEORGE - Unit: BRO-C-A

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FROM: Neville, James  
TO: 06691026  
SUBJECT: Re: RE: Re: Witness List Additions  
DATE: 02/27/2012 03:03:14 PM

Please hold me to this. A week-to-week assessment of Andrew. He's on perpetual probation. The hot seat. I've got to get this going.

FREDERICK GEORGE CELANI on 2/27/2012 12:32:32 PM wrote

Proud of you

-----Neville, James on 2/27/2012 10:03 AM wrote:

>

got 'em, and have forwarded 'em to the appropriate spot. He's got one week to show his stuff. I'll make a very objective assessment on Friday, and it's either thumbs up or down. This rating will continue on a week-to-week basis. No tenured positions in this club. Week-by-week. Friday to Friday. Fred to Fred. Spanky to Cranky. Jim to Gerry Spence!

FREDERICK GEORGE CELANI on 2/27/2012 7:01:21 AM wrote

James

Please add to the second list re: MEK

Thanks

Fred

[36] Iranian Intelligence Ministry C/O: Itamian Trade Mission on 3Rd Avenue in NYC

[37] Amnesty International

[38] Human Rights Watch

[39] Reeza Khalili CIA in Iran Website: A Time To Betray.Com

[40] Media Matters - David Brock

EXH - "B"

Encl # 8

TRULINCS 06691026 - CELANI, FREDERICK GEORGE - Unit: BRO-C-A

---

FROM: Neville, James  
TO: 06691026  
SUBJECT: Re: Witness List  
DATE: 02/26/2012 11:48:13 PM

Great meeting. Met with Andrew, he says he's on board. Told him he has a week to show me his intentions, or I'll get someone else. Impressed upon him how important his role is right now, that he's the epicenter of the defense efforts right now with his work, especially since you are basically unable to help given your condition. He said all the right things and followed up with a good email tonight, but we'll see. Nice guys finish last, so I'm trying to be a bit of a prick right now. It's kind of fun! Got the list, and am forwarding it for further review and work. I expect that we'll have many, many witnesses. I'll keep you posted on the doctor exam.

FREDERICK GEORGE CELANI on 2/26/2012 8:17:43 PM wrote  
James:

I found someone to help me type this as my sight is just about shot.

Great meeting. I hope all went well with Andrew

Here is my input.

Please send me back this email with the word received and acknowledged

This needs to be done ASAP.

Let me know what you find out about the doctor exam

Thank you

Fred

This is your original list:

=====

- [1] White House
- [2] Titlebaum Atty Sunken Meadow
- [3] ABC Primetime
- [4] Departmental Disciplinary Committee -Naomi
- [5] WMET
- [6] Our Lady of Mercy Dans Autopsy
- [7] Department of State - Limited to Iranian Parliament in Exile DID NOT REFER TO MEK
- [8] Kolken Buffalo Dilmaghani Pictures and Green Card App
- [9] Disciplinary Review Board NJ Dans United Nations ID
- [10] DOJ - JTTF regarding Dan and Dilmaghani
- [11] Register.Com G2PEG Emails
- [12] Yahoo Ji Han emails
- [13] John Dingell
- [14] D.C. Bar List of all Butler Law Clients
- [15] Arthur Handler \_ Atty for Sid & Al Re Sunken Meadow
- [16] Laura Miranda Atty for Al re: NJ Disciplinary Comm
- [17] Craigslist - Loanna Checo Whore ads
- [18] MDC Travel list and Dingell Furlough

All 18 had return dates of January 13, 2012.

All except for Number Three (3) Prime Time Live are later.

All except number three (3) need motions to compel and enforce production. ASAP.

THIS IS MY LIST FOR NEW WITNESSES:

Number 1 through 35 are all the same M.E.K.

with the three page synopsis and NY Times article attached.

=====

- [1] Department of State
- [2] Alirezza Jefarazedah
- [3] Estate of Richard Holbrooke
- [4] Scott Ritter
- [5] Ritters Publisher
- [6] Scott Shane & N.Y. Times

EXH-C"  
Pg-1

TRULINCS 06691026 - CELANI, FREDERICK GEORGE - Unit: BRO-C-A

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[7] CIA  
[8] NSA  
[9] White House - NSC  
[10] FBI  
[11] James Woolsey  
[12] Porter Goss  
[13] Louis Freeh  
[14] Michael Mukasey  
[15] Tom Ridge  
[16] James Jones - Obama's guy  
[17] Rudy Giuliani  
[18] Howard Dean  
[19] Dell Daily State Department  
[20] U.K. Officials (You need to find the article)  
[21] Rupert Murdoch  
[22] Fox News New York City  
[23] NY Post  
[24] NY Daily News  
[25] 1010 Wins  
[26] Washington Post  
[27] Politico.Com  
[28] JTTF NEW YORK CITY  
[29] Homeland Security - Janet Napolitano  
[30] Huffington Post  
[31] Matt Drudge - Drudge Report  
[32] United Nations  
[33] Geraldo Rivera WABC Radio  
[34] John Bachelor WABC Radio  
[35] Aaron Kline WABC Radio

SEPARATE WITNESS ISSUES THAT ARE NOT M.E.K.

=====

[1] Gary Null All Codex Alimentary  
[2] Al Sharpton All the Westchester Terrorist files on the four Black Men  
[3] Canadian State Department re Dilmaghani's Father  
[4] Sunshine Suite All Video Surveillance from Freedom Forum of NYC  
[5] Ace Pump All leases from Daniel Furman and Alireza Dilmaghani Furman Law and Freedom Forum  
[6] O'Connell and Arronowitz Albany Law Firm regarding Sunken Meadow  
[7] Pamela Checo All photos, marriage documents and green car documents regarding Alireza Dilmaghani - Spouse  
[8] Bank of New York NOW called Chase all Freedom Forum and Furman Law documents  
[9] Minkow and his Florida Counsel All Documents and emails and letters and cooperation agreement between Minkow and the FBI and especially Galliotto

EXH-C  
Pg 2

Andrew

TRULINCS 06691026 - CELANI, FREDERICK GEORGE - Unit: BRO-C-A

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FROM: Neville, James  
TO: 06691026  
SUBJECT: Re: RE: Re: Islamic Center  
DATE: 03/02/2012 08:18:17 PM

Got it. I'm seeing that Andrew has to be pushed a lot. He may not be our guy. Jury's still out. Meeting with him on Sunday re subpoenas. MAY see you Sunday a.m., just not sure. Ravenna will be at the house Sat. p.m. as she's in N.Y. for a track meet, so I may want to lounge and hang out with her a bit Sunday a.m. However, I may drive with her back up to Boston on Sun. evening, throw down a sleeping bag in her apt., and drive down on Monday. If I do that, seeing her Sunday a.m. becomes less important...So, we'll see. I'd like to see you on Sunday a.m., and I'd like to see my daughter, too. However, if I do the Boston ride with her, we'll have plenty of time to talk.

FREDERICK GEORGE CELANI on 3/2/2012 6:32:44 AM wrote  
I will tell you about this guy when I see you. I think there is a lot of bullshit going on in this city as this guy was a major focus of Rainmaker as a information source. Will explain later.  
-----Neville, James on 3/1/2012 11:18 PM wrote:

>

Washington Place, and Washington Square North

FREDERICK GEORGE CELANI on 3/1/2012 8:03:48 PM wrote  
Transcribed by GG

James:  
Please find out what are the cross streets for 371 SIXTH Avenue  
St. Josephs Church.  
This is an important point.  
I am writing a letter that I will send to you probably tomorrow, if this place is where I think it is.  
The add the three page synopsis of the case and forward to the Imam for me.  
Thank you  
Fred

EXH - D